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# East Europe Report

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28 JANUARY 1987

## EAST EUROPE REPORT

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## NEED FOR FOREST DEVELOPMENT, PRESERVATION STRESSED

Bucharest REVISTA PADURILOR in Romanian No 3, 86 pp 114-117

[Article by Engineer Eugen Tarhon of the Ministry of Silviculture:  
"Implementing a Farsighted Concept of Forest Conservation"]

[Text] One of the important objectives of the policy of our party and state in the area of rationally utilizing the country's natural resources and protecting the environment is to conserve, protect, and qualitatively develop the forests and wooded areas that are not included in the forestry stock.

Today more than ever the forests constitute an integral part of our entire life and social relations and exercise a considerable impact on their development. As opposed to raw materials in the extractive industries (mining, oil, etc.), the forests possess a regenerative property that makes them into a perpetual and secure source of raw materials for economic and social requirements.

However, in our times, the forests must be viewed as a multiple purpose ecological and economic entity whose products and, in particular, uses are of a great social value. The regenerative property of the forests cannot be fully realized if they are not well managed and if an appropriate structure of the forestry resources is not ensured within the framework of the national land stock in relation to the percentage of afforestation and its regional distribution, by preserving its integrity, species composition, and tree density per hectare of forest, establishing annual felling quotas strictly in keeping with the forest potential, and implementing technologies to regenerate, harvest, and collect the wood mass annually put into production.

The incontestable merit of our party leadership and personally of its secretary general and president of the Socialist Republic of Romania, Comrade Nicolae Ceausescu, is that they perceived well in time the increasing importance of the role and specific functions of the forests in providing certain basic requirements of the country's economic development, and the need to expand the contribution of the national forestry stock to improving environmental factors and the quality of life in all the natural regions of the country. On the basis of his clear-sighted concept, the national program for conserving and developing the forestry stock in the 1976-2010 period has outlined the guidelines for a long-term and uniform development of the

silvicultural sector so as to ensure the perpetuity of Romania's forests. The national program for conserving and developing the forestry stock is part and parcel of the general program of harmoniously organizing the entire socioeconomic life, which features plans for the long-term development of our society, the future prospects of our homeland, and the prospects of the present and future generations.

In the course of the first decade of implementation of the provisions of the national program a series of positive results were attained regarding the conservation of the forestry stock and its expansion as envisaged by law, the afforestation of areas left empty and non-regenerated by annual timber exploitations, the harvesting and utilization of important quantities of wood and other forest products for domestic and export requirements, and the ecological reconstruction of forest stands and the expansion of their protective functions. However, during the same period there have also been shortfalls which our party-state leader, Comrade Nicolae Ceausescu, justifiably criticized; he also issued new guidelines for preserving the integrity of the forestry stock, limiting exploitation to the level of the forest potential, avoiding fellings that strip the soil, promoting and expanding primarily the cultivation of valuable native species, and afforesting excessively eroded areas.

As is known, these guidelines, permeated by a lofty patriotic spirit and by constant care for the future generations, have at the beginning of this year served as the basis for a comprehensive program of actions designed to revise the existing working concepts and technologies, improve the results of our work, and steer the future activities of silvicultural units so as to ensure the continuous and appropriate development of Romanian silviculture. The Political Executive Committee of the RCP Central Committee at its 9 May 1986 session examined and endorsed the measures suggested to fulfill the recommendations and tasks issued by Comrade Nicolae Ceausescu, RCP secretary general and president of the Socialist Republic of Romania, with a view to better managing the forestry stock, the forest vegetation not included in it, and mountain pastures. In accordance with these measures, appropriate technical guidelines were worked out--with the participation of the best specialists in research, design, higher education, and production and ministry cadres--and circulated to all silvicultural units for their edification and for correct implementation in their current work. New instructions are now in the process of being amended and finalized concerning: harvesting schedules, methods, and seasons, and the collection and transportation of timber from the forests; application of treatments, and maintenance of young forest stands; afforestation compositions, designs, and technologies; forest management methodology.

Within the context of this new organizational framework the entire silvicultural personnel employed in production, research, education, and technological design must resolutely act to unabatedly implement the party-state policy of intensifying the management of the country's national resources, whereby consistent efforts to reapportion and amplify the priority objectives of Romania's silviculture are gaining new significance.

The integrity of the forestry stock and forest conservation will be pursued by expanding its area from 6,339,000 hectares in 1985 to 6,346,000 hectares by 1990 by taking over excessively eroded and sliding land unsuitable for agricultural purposes. By more carefully dealing with requests to definitively appropriate areas from the forestry stock and to clear woods, and afforesting non-regenerated waste areas, forest road slopes, and excessively eroded land the forest area will increase from 6,182,000 hectares in 1985 to 6,196,000 hectares by 1990. Thus the area of forestry vegetation will reach 6.6 million hectares.

Special emphasis will be put on achieving an even balance in the regional distribution of forests and on preserving and restoring their ecological value in poorly afforested plains areas in counties Galati, Braila, Ialomita, Calarasi, Buzau, Prahova, Giurgiu, Dimbovita, Teleorman, Arges, Olt, Dolj, Mehedinti, Tulcea, Constanta, and the Ilfov agricultural sector; in those counties there will be no more fellings of major products in forests based on oak and acacia, in which only maintenance work will be carried out (clearing, clipping, and thinning). In some forests, such as the ones around spa resorts, urban areas, and tourist routes of particular interest, felling major species is also prohibited.

In order to conserve valuable oak and beech forests containing qualitatively superior genetic material, and in order to obtain valuable industrial species, especially timber for veneering and [derulaj], a more advance felling age will be adopted, in some cases up to 200 years; similarly, certain thickets, especially of oak and beech trees, which are healthy and in a good vegetation condition, will be nursed to a more advanced age through maintainance work.

Also, in oak and beech forests the felling technologies applied will be aimed at removing trees gradually, so as not to bare the soil in areas without viable natural seeding, thus ensuring the continuity of the forest and permitting it to fulfill its protective functions.

The actions that are being taken are designed to also continuously expand the ecological protection functions that the forests fulfill in all natural vegetation areas, hydrographic basins, and the surroundings of localities with a high demographic concentration; the area of forests assigned special protective functions is planned to increase to up to 36-37 percent by 1990.

In order to limit timber felling to the level of the forest potential, resolute steps will be taken so that by 1990 the felling quota should not exceed the annual potential of the forests in each of the 2,208 production units that make up the forestry stock. The levels of timber approved under the plan for 1986 and 1987 remain in force but with a modified species structure. In the 1988-90 period the evolution of the volume and structure of timber put into the economic flow will be modified in relation to the level approved under the plan law for 1986. The total felling level for 1989 and 1990 will be cut back to 22 million cubic meters, while the timber volume earmarked for industrial production in the above years will also be cut by 0.5 million cubic meters; in 1990 the volume of major products will be limited to 12.5 million cubic meters.

Simultaneously with these measures to limit the volume of annual felling, the felling and regeneration methods applied so far will also be reconsidered. In all the oak and beech timber forests that have reached the exploitation age and are planned to be regenerated by felling we must always use technologies involving long regeneration periods (15-25 years for oak, and up to 30 years for beech forests), which permit the gradual settling and development of viable natural seeding, which in turn ensures appropriate ground covering and continuity for the forest.

Similarly, in easily accessible beech and combined beech and resinous forests of average and higher productivity we plan to expand fellings apt to produce selection forests, which ensure a better soil and water protection. In forests made up of common oak, beech, and a combination of beech and resinous trees, located on slopes of over 35 ° of in scree areas, only maintenance felling and conservation work will be carried out with a view to ensuring the natural regeneration or through afforestation of existing voids.

In connection with these measures, the timber exploitation and utilization technologies envisaged in the national program and the instructions issued on harvesting schedules, methods, and seasons and on the collection and transportation of the timber must be considerably improved in accordance with both the increased need to protect the natural seeding, the soil, and the remaining trees, and with the need to completely and better utilize the timber.

Forests will be regenerated mostly through natural means, by promoting valuable native species--oak, beech, ash, sycamore maple, cherry, linden, fir, spruce, and larch--capable of producing timber with superior technological properties and of improving environmental conditions. In the current 5-year plan we will achieve 193,500 hectares, ensuring the current regeneration of forest areas criss-crossed by cuttings and the afforestation of non-regenerated bald spots, forest clearings, and forest road slopes.

Oak species will make up 70-80 percent of the new woods in optimally suited areas, and 30-50 percent in combination with beech or linden. It is important to note that resinous trees or fruit bushes will no longer be planted in the plains and in hilly areas which are suitable for oak.

In beech, and beech and resinous forests in which natural regeneration is not entirely possible, we will plant deciduous or resinous species, depending on location. Over 90 percent of the seed, seedlings, and cuttings used for afforestation must be of a superior genetic quality. We want to request the Institute of Silvicultural Research and Management, which holds the monopoly on the production of seed and vegetative reproduction material for a series of species, to ensure that such material is secured and distributed well in time to forestry sectors and inspectorates.

We also want to stress the importance of establishing new technical solutions for alleviating the damaging effects of abnormal premature drying on the germination of oak and fir trees, and the negative effects of industrial waste, and wind and snow breakage. Along this line, it is important to increasingly combat forest pest through biological and integral methods.



More than ever before, during this period we must expand maintenance work (thinning and intermediate cuttings) in all the forests that are not yet ready for exploitation, with a view to promoting valuable native species, achieving optimal tree density, preserving healthy conditions, increasing resistance to pests, disease, and wind breakage, increasing the volume of useful timber, and reinforcing protective functions.

Tree density per hectare of forest is a new quality index of the work done by forestry units to ensure the continuity of the forests and to continuously raise the productivity of each forest stand. Recently, the Executive Bureau of the Silviculture Council adopted technical norms for establishing tree density per hectare of forest according to species (groups), age, and usefulness, which, together with the technical implementation instructions, have been circulated (O.M. No 120/17 May 1986) to all the forestry units implementation. Note that these norms, tested by the real situation prevailing in the field, will provide the basis for establishing the level of fulfillment of the index "Achieving tree density per hectare according to species," which is one of the criteria on the basis of which tariff remunerations are awarded to the personnel employed at silvicultural sectors and inspectorates, according to Annex No 16 of Decree No 161/1986.

The party leadership also attaches special importance to restoring excessively eroded and sliding land unsuitable for agricultural purposes. The Ministry of Silviculture has been assigned the plan task to have 1,600 hectares of eroded land afforested through its units in 1986, and another 1,600 hectares through the holders of that land. In the 1986-90 period 22,762 hectares of the total area of excessively eroded and sliding land, identified together with the agricultural bodies, will be afforested. In the Buzau and Vrancea counties complex ameliorations of torrential hydrographic basins will be carried out during this period on considerable acreage, something that will directly contribute to restoring the balance of environmental factors and to the ecological regeneration of areas in which the nefarious consequences of inappropriate land uses are still felt.

Resolute steps are being taken to fulfill the tasks incumbent on us in connection with the management of mountain and forest pastures; on the basis of the measures envisaged in the program to more rapidly increase the production of green mass, worked out together with the Agriculture Ministry, as of this year we will implement specific technologies for each zone, carry out regeneration work on eroded and poor pasture land, and expand irrigation, drainage, and chemical treatment.

By optimally utilizing the entire pasture area, it is hoped that the average production of green mass on the 2.2 million hectares managed by the Silviculture Ministry will increase from 16.1 tons per hectare in 1985 to 27 tons per hectare by 1990, and from 18.7 tons per hectare to 40 tons on intensively cultivated pastures. The share of pulses in the pasture composition will increase from 15-20 percent in 1985 to 30-40 percent by 1990.

The implementation of the new recommendations issued by the higher leadership for better managing the forestry stock requires considerably increased efforts

from the Institute of Silvicultural Research and Management to promptly and efficiently resolve the technical problems facing the forestry units. For this purpose, we have revised and improved the program of scientific research, technological development, and introduction of technical progress in silviculture as of 1986, featuring new objectives concerning the selection, regeneration, maintenance, and expanded cultivation of oak and beech trees, and emphasizing research aimed at preserving, tending, and restoring poorly productive forests in the plains areas, especially those made up mostly of oak and acacia.

At the same time, the Cornetu and Baragan scientific research stations have been reorganized, in the sense that they have been assigned the research concerning the improvement of the pedunculated oak through selection, the regeneration and tending technologies for the respective forest stands, and the restoration of the forests of brown oak and acacia in the steppe forest area. The number of objectives within which research is being carried out on oak, ash, and other valuable species makes up 70 percent of all the objectives concerning tree amelioration and the regeneration, maintenance, and management of forests.

As is well known, the measures planned are being implemented in close connection without other production activities, and are designed to diversify and utilize all available forest products. In this context we want to stress that the special programs concerning the development of beekeeping the harvesting and utilization of fruit and edible mushrooms, silk worms breeding, and other related production activities must be implemented consistently and responsibly.

A special note must be made in connection with hunting and fishing, areas in which new actions have been established under an order of the silviculture minister (No 110/5) to further rapidly develop this entire area.

The measures envisaged are aimed at increasing the number of sought-after game up to the optimal level established for each breed, simultaneously with increasing the stocks of trout and raising the fishing potential of mountain streams and reservoirs.

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## COMPUTER CRIME PENALTIES URGED

West Berlin IWE TAGESDIENST in German No 194, 13 Dec 86 p 1

[Article datelined IWE Berlin 13 Dec 86: "First Cases of Computer Crime in the GDR"]

[Text] The first cases of computer crime in the GDR have occurred, as noted in the WISSENSCHAFTLICHE ZEITSCHRIFT DER KARL-MARX-UNIVERSITAET LEIPZIG. It identified among other things in this connection the unauthorized alteration of data, "even if only to a slight extent." Cases of erasure and misuse of proprietary data, usually for reasons of self interest, were also reported to have occurred. Thus, "new forms of antisocial and society-threatening activity" were noted as developing in contravention of the socialist planned economy, and these were profoundly affecting overall processes in the national economy and causing striking negative effects on economic productivity by introducing the element of personal striving for advantage. The journal thus considers it necessary to expressly include computer crime under the heading "crimes against the national economy" in the penal code.

The journal stated that it was generally necessary to classify crimes in such a way that new social developments were more effectively protected under criminal law. This would, for example, concern damage to the economy, which in the law's current version does not enjoy express coverage: provision is made only for operating the means of production contrary to generally recognized and approved scientific-technical knowledge and procedural regulations, and leading to economic losses of the greatest magnitude. A similar situation arises in the case of socially harmful activity such as corrupt or speculative dealing in the national economy. Moreover, the journal asserted the need to consider whether, for example, the penalties under the atomic energy law, the pharmaceuticals law and the law on radiation protection, as well as other legal provisions, ought not also be juridically expressed in the penal code.

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CSO: 2300/143

## AUTUMN LEIPZIG FAIR REVIEWED; INNER-GERMAN TRADE REDUCED

Bonn INFORMATIONEN in German No 18, 26 Sep 86 pp 11-14

[Text] Nearly 6,000 exhibitors from approximately 50 countries participated in the Autumn 1986 Leipzig Fair (31 August to 6 September). The theme of the fair was the same as that of the Spring 1986 Fair: "High-Productivity, Time-Saving, Materials-Saving Equipment and Technologies for Machine Construction." This slogan points up the GDR leadership's plans to use state-of-the-art technology to increase the productivity and effectiveness of the East German economy. Products from 29 branches of technology and consumer goods were presented in the roughly 300,000-square-meter exhibit area. After the GDR and the Soviet Union, the FRG--including companies from West Berlin--was the most widely represented, with more than 500 exhibits. SED Secretary-General Erich Honecker opened the fair with his traditional tour, stopping at several West German exhibits (see INFORMATIONEN No 17/1986). The tour was reported in an article with 23 photographs in the SED organ NEUES DEUTSCHLAND.

The nearly 3,000 East German exhibitors occupied about 70 percent of the exhibit area. For the Carl Zeiss Combine, Jena, there was a newly built hall able to accommodate the organization's entire product line, in contrast to previous years, when Zeiss products were presented at several locations. The combine's special position in GDR industry was also evident from the fact that Honecker began his tour to open the fair in the new Zeiss hall.

The fair as a whole was deemed a "significant international economic event" by the general director of the Leipzig Fair Committee, Siegfried Fischer. He stated that the first fair after the 11th SED Party Congress demonstrated "the effectiveness with which the advantages of the socialist order are being used to master scientific and technical advances." In addition, he said, Leipzig showed "that peaceful trade and political dialogue are both possible and necessary, no matter what the political climate and foreign economic conditions may be."

#### Inner-German Trade

At the beginning of the fair the German Industry and Trade Association (DIHT) in Bonn had spoken of a "strong core" for inner-German trade. After the fair closed, however, it evinced "satisfaction" with only some individual branches. Overall, not only the DIHT, but also West German politicians and exhibitors

stated that the drop in crude oil prices since the early part of this year has had a qualitative but not a quantitative effect on inner-German trade. The oil price reduction is now a disadvantage for the GDR, since after the oil crisis at the beginning of the 1980's the member nations of the RGW [Council for Mutual Economic Aid] agreed to pay a price for Soviet crude oil which was based on the worldwide average price over the preceding five years. At the time, this meant favorable buying conditions for the GDR--i.e., low prices,--but now the prices it has to pay for Soviet oil are higher than those prevailing on the world market.

Just before the fair opened, the economics ministry announced that sales from inner-German trade over the first six months of this year had decreased 7.5 percent from the previous year. Specifically, deliveries had dropped eight percent (DM3.749 billion as opposed to DM4.089 billion during the first half of 1985), and orders were down five percent (DM3.731 billion in contrast to DM3.925 billion). Various explanations were given, but the record high of more than DM16 billion for inner-German trade during the previous year probably will not be reached again this year. For example, deliveries of chemical products by the FRG dropped by almost 18 percent, and orders from the GDR fell three percent.

The GDR did not award bigger contracts to West German companies during the fair, and according to the DIHT this is not a likely prospect in the near future. A DIHT poll showed that the main source of satisfaction with the fair was machine construction. Business was especially brisk in areas where West German exhibitors were able to offer East German industries "customized" products. This was true in particular for manufacturers of textile, clothing, plastic and rubber processing machinery.

For the iron, steel and automotive industries it was "business as usual." The woodworking machine industry showed a definite upswing, and the chemical industry was "not dissatisfied" with the results of the fair. Demand for high-quality clothing was strong, while for foodstuffs and luxury food products business was below the level of the previous year. According to the DIHT poll, bigger contracts were obtained by suppliers of printing presses and medical equipment, while there was a "downward trend" in the shoe machine industry due to market saturation.

Many West German exhibitors see the GDR's increasingly apparent demand for domestic products designed to compete with foreign ones as "reason for concern." These products can hardly be dismissed, even though the quality in many cases is such that they would not survive "on the demanding West German market." In addition, the GDR's recent requirement that chemical transactions be handled through GDR commercial agents rather than directly is viewed as "unreasonable." With regard to the textiles that the GDR recently supplied to the FRG, it was commented that because of the low rate of exchange for the dollar at the time, these goods were up to 25 percent more expensive than products from the Near East, and thus were hardly competitive.

## Trade Between the GDR and CEMA Countries

As in past years, the autumn fair again served as the backdrop for solid economic agreements for the coming year between the individual member nations of CEMA. It also constituted a third step to follow the "Long-Term Programs of Economic and Scientific-Technical Cooperation" arranged between party and government leaders at each fair, effective in many cases to the year 2000, and the "Coordination of the People's Economic Plans" for 1986 to 1990 which are being built on these programs. Consequently, economic and trade agreements with individual CEMA countries--especially the Soviet Union--were the focal point of reports in the East German media once again.

The Soviet Union again was the largest exhibitor after the GDR. According to statements by the Soviet minister for the electronics industry, Vladislav Koelsnikov, who led the Soviet delegation to the fair, the GDR is the Soviet Union's largest foreign trade partner, accounting for ten percent of Soviet foreign trade, while the USSR represents 40 percent of GDR foreign trade. The product exchange organized under the present 5-year plan is to exceed 82 billion rubles, representing a 24-percent increase over that for the period from 1981-1985.

During the fair, foreign trade enterprises from both countries finalized contracts worth a total of about two billion rubles. According to press reports, efforts "to arrange long-term supply contracts" were characteristic of the transactions. The biggest deals reported by East German newspapers included reciprocal deliveries of iron, rolled steels and pipe amounting to R290 million, GDR imports of spare parts for tractors and agricultural machinery amounting to more than R45 million, and twelve special ships from Elbwerften Boizenburg and Rosslau, together with GDR exports of lightweight metal structures and spacecraft airframes, for R31 million.

In addition, the GDR will supply image processing systems, machinery for Soviet shipbuilding and vehicle manufacture, diesel engines, printing presses, special equipment for microelectronics technology from the Carl Zeiss Combine, and 75,000 telescopic shock absorbers for trucks. Items to be supplied by the GDR include machine tools, metallurgical products, vehicles and 40,000 portable television sets.

Poland was represented at the fair by 30 foreign trade organizations in five technical and eight consumer-product branches. Under agreements for reciprocal deliveries of ferrous-metallurgy products the GDR will be receiving hot strip, boiler plate, autobody sheet and other items, and will be supplying thin sheet, concrete steel and crane rail to a combine in Katowice. The GDR exports reported in the press include remote-control devices, warp knitting machines and equipment for autobody parts manufacture.

The CSSR, the GDR's second-largest foreign trade partner, will receive optical glass, semifinished optical products, and other items from the GDR and will supply electroceramic products. In addition, an agreement was reached for

reciprocal deliveries of agricultural machinery and spare parts for agricultural production equipment.

Hungary, with 39 exhibitors present in Leipzig, concentrated its efforts on products from the consumer goods and food industry. According to statements from the GDR, Hungary will be supplying hydraulic products amounting to R500,000, and bauxite, aluminum products and dust removal systems for the reconstruction of briquet factories and air-conditioning systems amounting to R1 million. Hot-water heating systems for installation in the "Icarus" bus will be imported from the GDR.

The GDR is exporting relays and agricultural machinery such as chopped-forage harvesters and seed preparation systems to Bulgaria, and importing components for various types of agricultural machinery, heat regulators, and electric hearths. The GDR is importing fresh and processed fruit from Romania and citrus fruit from Cuba. It has set up an agreement with Mongolia for the delivery of railway passenger cars.

#### Trade with Western Industrialized Nations

A number of ministers from Western industrialized nations were in Leipzig during the fair to discuss mutual economic and trade relations. The highest-ranking guest was Belgian Prime Minister Wilfried Martens, who was visiting the GDR at Honecker's invitation. The guests also included the Austrian minister of economics and trade, Rudolf Streichner, the French minister of foreign trade, Michel Noir, the Swedish minister of foreign trade, Mats Helstrom, and the chairman of the US-GDR Economic Council, Robert W. Lundeen.

Most of the transactions that were reported involved GDR exports. Notably, more contracts were signed with French companies than in previous years. During Honecker's tour of the fair the manager of the French information booth, Joelle Timsit, was already expressing satisfaction that "a significant number of industrial contracts have been finalized since the beginning of the year." The exports which have been agreed on include East German machine-building equipment for Citroen and other unspecified products, to 1988; France will be supplying 150,000 tons of large nominal-width pipe and 100 electronically controlled mechanical looms for the wool and silk combine in Meerane. There are plans to intensify cooperation between the two countries in the area of agricultural and food technology.

The VOEST company of Austria and the TAKRAF combine in Leipzig have arranged for reciprocal deliveries of cranes and drive machinery for use in the GDR's fertilizer industry. GDR foreign trade enterprises concluded agreements with Mitsubishi of Japan for reciprocal deliveries of electrotechnical, chemical, and machine-building products, as well as cooperation in Third-World markets. An agreement was also finalized for intensive cooperation with Dow Chemical in the United States, effective to 1990.

Finally, the export agreements reported in the press also included products to be supplied to Italy (mechanical looms), Sweden (bookbinding machines), Belgium (lamps and home appliances), Japan (surveying equipment for the construction industry) and the United States (industrial sewing machines). In terms of trade with developing countries, only deliveries to Argentina (printing presses and knitting machines) were reported.

As the general director of the Leipzig Fair Committee, Siegfried Fischer, announced at the close of the fair, in 1987 the fair will be restructured to make it more attractive in coming years: the 41 branches which are now represented will be distributed among "branch complexes" (nine capital-goods complexes and seven consumer-goods complexes in the early part of the year, plus eight of the former and seven again of the latter in the fall). According to Fischer: "This will bring consumers and users to Leipzig because the new structure will afford a better opportunity for presentations extending into more than one branch." An additional hall for machine construction will also be ready for the Spring 1987 Fair. Several exhibition halls in the inner city are being declared historic monuments and are being reconstructed step by step, including the underground exhibition hall opened in 1925.

The theme for the fairs next year will be "Food--Effective Production and Processing." This slogan represents a recognition of the fact that ensuring a food supply for the world's population has become "an increasingly central political and social problem" over the past decade.

13114/12851  
CSO: 2300/63



## CAD/CAM INCREASES PRODUCT LINE FLEXIBILITY, S&amp;T APPLICATION

East Berlin STANDARDISIERUNG UND QUALITAET in German Vol 32 No 7, Oct 86  
pp 182-185

[Text] Today the growth in performance of a national economy is more and more determined by key technologies such as microelectronics, modern computer technology and computer-supported construction, design, and production guidance. The introduction of scientific discoveries into production is taking place at a speed never before seen in the history of productive forces. It clearly indicates that the scientific-technical revolution has reached a new plateau internationally.

## Performance Reserves

The broad application of key technologies in our economy represents a powerful demand on the ingenuity of the worker, and at the same time opens chances "to quickly renew production, to increase its quality, and to reduce its costs to a degree which was not previously possible," as Erich Honecker stated at the 11th SED Party Congress. These technologies are therefore the key to a new qualitative plateau in production and to an above-average growth rate in work productivity. That will dictate "how our economy can do justice to the needs of the people and the many internal demands for the development of our country, and how it can assert itself in the world economy." We cannot set our own pace; hence, the challenge to win the race against the clock, to gain advantages on important points and thereby achieve significant economic and social results.

The party and the government oriented themselves in good time to the most modern scientific-technical developments. Science and production have operated more closely together in recent years, which has saved our economy an average of 500 million work hours per year. We are therefore well prepared to overcome the challenges of the scientific-technical revolution. For example, the most flexible automated fabricating systems, which workers created in honor of the 11th SED Party Congress, are peak performers on the international scene. They serve to underline the fact that the GDR has kept up with the increased tempo in important sectors, and has itself reached peak positions. For example, we did not have a single industrial robot in 1970, yet we now have 60,000. Today, 53 percent of industrial capital investment is for automated equipment.

Man remains the main force of production. In socialism, he organizes the significantly higher economic result not for others, but he accomplishes it for himself. The socialist production relationships, with the combines as the backbone of the planned economy, provide favorable conditions for that, and work and living conditions are improved overall.

With the key technologies, we harness practically unlimited performance reserves for further economic and social progress. Their effective employment is a basic foundation for attaining a gross national product of M1,300 billion from 1986 to 1990.

#### Six-Month Balance 1986--Science and Technology Results

Production increases over the same period last year:

- Industrial Robots (17 percent),
- Optical Electronic Semiconductor Components (19 percent),
- Monolithic-Integrated Circuitry (30 percent),
- Newly Developed Products (10 percent).

#### Powerful Economic Growth

In the economic strategy which was decided on by the 11th SED Party Congress with an eye towards the year 2000, key technologies such as microelectronics, modern computer technology, and CAD/CAM take an important place. In close interaction with them, other key technologies such as modern biotechnology, raw materials technology, and also automated preparation and finishing technologies come into application.

Key technologies are the heart, the motor of socialist intensification. In the area of microelectronics, scientific curiosity in science and production in the combines and scientific institutions of the GDR has led to 17 basic technologies with practical application with numerous applied technologies developing from them. Together with other research results, they form a stable foundation for intensification. Microprocessors, microoperators, microsensors and new materials, robot-, laser-, electron beam- and plasma technologies are in many cases the standard-setting starting points of significant innovations.

Particularly with the key technologies, the material foundation will be created with which to grant a durable character to the determining source of our economic development. The irrefutable goal remains to raise the standard of quality and effectiveness of production across the spectrum of the economy with peak scientific-technical accomplishments. This clarifies the contributions which the scientists and technicians must make to the growth in economic performance in socially necessary, new dimensions and quality, in

which they turn scientific-technical accomplishments more quickly and in greater breadth than before into economic effects. The scientifically founded art and manner of processing and procedural arrangement offers completely new chances for a considerable increase in worker productivity, for reduction of production expenses, for improving and renewing production.

The conversion of our growth-oriented economy to key technologies is in full gear. Activities range from the preparation of raw materials and the switching of primary energy sources to the makeup of the profile of electrotechnics/electronics and of machine construction, which has opened the way for the acceleration of scientific-technical advances. The results will be visible and quantifiable with, among other things, microelectronics and optical electronic components, with installation of modern computer equipment, with computer-aided design, construction, guidance and quality control of production, with the use of flexible automated finishing systems and trades, nuclear energy, and with numerous highly-refined chemical processes.

#### Greatest Effects

The decisive factor is the application of key technologies in a manner which allows for an overall faster rate of productivity increase. In an outstanding manner, that was made possible in recent years through the creation of automated assembly sectors and the manufacture of components for such things as power tools, equipment housings or mowing blades. In the branch factory of the VEB Tool Combine Schmalkalden, for example, the production of mowing blades was automated from beginning to packing. Productivity increased 350 percent and heavy, dirty, monotonous work was eliminated for 141 employees. 112 workers took other important jobs in the factory in the meantime.

In the interest of greatest effectiveness, a new level of the organic connection between science and production is of special significance. The combines are in the center of this. The Zeiss combine workers have blazed the trail. Among their accomplishments of 1985 were the completion of important preliminary steps necessary for the production of 1-megabyte memory chip. With this chip it will be possible to perform one million memory functions on an area the size of a fingernail. In the 1960's, exactly one memory function could be accommodated on this area. One technological prerequisite for the megabyte chip is the automatic electronic beam lamp ZBA-20. It is employed in the manufacture of semiconductor boards with the highest standard of integration, which are a major foundation for the future microelectronic circuits. The machine is especially useful to microelectronics suppliers, especially in the GDR and the Soviet Union. With preparation for the next generation of equipment, to which the 4-megabyte memory chip belongs, the Zeiss workers meet the demands of the components industry to the beginning of the 1990's at the highest standards.

The Zeiss example exemplifies a peak performance in microelectronics which is of great economic significance. Such results are required in many fields. In conjunction with other key technologies, the necessary conditions will be

created by these great results in order to attain the productivity growth rates demanded by the 11th SED Party Congress.

[Box, p 183]

\* Microelectronics

The scientific-technical work is on the development of microprocessor circuitry with 16- and 32-bit buses, optical-electrical components for fiber optics communications technology, sensors and activators based on microelectronics, optical-electronics and micromechanics, color display terminals and surface-mountable components. Increased emphasis is to be placed on development and production of customer-specified circuitry in coordination with the users of microelectronic components.

\* Electronic Computer Hardware

The modern computer equipment is to be utilized in the timeframe 1986-1990 for research and development, for production preparations and guidance in the combines, for testing and qualification of management, planning and accounting at all levels, for further economizing of transportation work, in trade, in the banks and insurance companies and other areas, and in training.

\* CAD/CAM Application

There are to be from 85,000 to 90,000 CAD/CAM workstations on line by 1990. Construction personnel, designers, technicians, concept designers and other engineering or technical cadres will be especially active at these workstations. In industry and in construction, productivity increases of up to 500 percent are to be reached in planning preparation for production and assembly guidance.

\* Flexible Automation

In the metalworking industry, automated finished products production is to be increased three times by 1990 through the accelerated use of completely automated solutions.

\* Biotechnology

In the field of biotechnology, further advances in the effective application of available production potential by modernization and rationalization, and by the targeted expansion of capacities are to be attained. Biotechnical production is to be increased three times by 1990.

Microelectronics

Microelectronics penetrates the entire economy and increasingly characterizes the degree of refinement of the most diverse products and procedures, with direction, robots and computer technology. Man alone determines to what

measure this is done. He develops appropriate programs for the machines, and can use microelectronics in conjunction with modern computer technology more quickly and effectively, in order to find optional variations. The new geared rotating sander from the VEB Machine Tool Combine "October 7th" has a microelectronic mechanism. Per machine, it replaces 1050 parts made of a half-ton of steel and another half-ton of castings, and it saves 400 hours of assembly time. Microelectronics here leads not only to a considerably better weight/performance ratio, but also saves the user a lot of time, energy and expense.

Such developments increasingly characterize mechanical engineering in the GDR. And so the production of cutting machine tools with microelectronic equipment increased from 11 percent in 1981 to 72 percent in 1985. The basis for this improvement was, among other things, an accelerated production of standard available electronic semiconductor components, which has increased 385 percent since 1980. For monolithic integrated circuits, that was actually 630 percent. In the GDR there are currently 17 microelectronics "basis technologies" which are mastered to the point where practical production is possible. The selection of standard active components has been increased considerably since 1980 and currently consists of 612 basic types. The GDR is among the few industrial countries which develops, produces and uses microelectronics.

These are all major prerequisites for using the microelectronics key to gain results in the entire economy which were unthinkable with traditional means.

With the help of electronics, it is possible for the first time to automate the acquisition, transfer and processing of information, and to create the conditions necessary for fully automated production.

#### CAD/CAM

Developments in microelectronics made the economical application of CAD/CAM on a large scale possible. Highly integrated circuitry and memory circuitry are indispensable for justifiable economic expenditure on powerful electronic computer units in large numbers to be used directly at the workstations, or for the realization of technical solutions at the workplace with the help of a centrally-located computer. The dialogue with the computer thereby becomes the decisive characteristic of a new quality in the use of computer equipment.

Present experience confirms that productivity can be increased from 100 to 500 percent for engineers, designers and technicians, and also in the fields of planning, administration and accounting and statistics. With thorough analysis and trial runs, material savings as a rule of up to 15 percent and more are possible, and the storeroom is much more effectively run.

It is very important that with the application of these key technologies the development and lead-in times for new products can be shortened by 30 percent and more, with which a decisive means for considerable acceleration of the modernization process will be available. The engineers at the combine VEB

Carl Zeiss Jena have considerably accelerated the work process in high-performance optics with the help of CAD/CAM and provide specific user characteristics with high tolerances. They work up their concepts on the monitor, and the computer provides all the required data. With computer assistance, they are using data from past experience and new scientific-technical knowledge. In dialogue with the equipment, they then optimize their designs. Comprehensive and complicated computations go much more quickly than before.

In this manner, the employees completed new developments in 3 to 4 months instead of a year. In addition: These key technologies allow projects to be realized which would have not been possible at all with conventional technology. They are projects we need to produce top-quality products.

In the preceding months it was possible to approximately double the CAD/CAM workstations in the GDR, so that there are now over 16,000 of them. The pace will be further increased. Whereas the 1986 Plan originally called for a further 2,500 such stations, there will not be over 15,000. By the end of the year, 100,000 workers will already be able to use CAD/CAM stations in their work.

#### Modern Manufacturing and Finishing Technologies

The considerably grown worker productivity of recent years, the results in material and energy and economy and the reduced manufacturing times for many products were aided greatly by the development and application of modern materials processing technology. In the first half of 1986, further capacities for the application of processing technology came on line in the GDR, as for example with steel cable and nylon thread.

The 11th SED Party Congress directed that automation and the broad application of energy- and material-saving manufacturing preparation procedures are to be realized as one entity. Progressive technologies such as cold- and hot-pressure molds or fine casting gain importance on the basis of their economic efficiency. In metal ceramics (using powdered metals for formed materials), pieces for electrical equipment, electronics and vehicle- and machine assembly are being produced with practically no waste material.

Of special significance for combine performance development is a quick dissemination of electrophysical manufacturing procedures based on lasers, electron and plasma beam equipment and vacuums. With the application of electron beams for metal hardening, productivity at the branch factory of the VEB Machine Tool Combine "Fritz Heckert" increased almost tenfold, while the energy expenditure decreased by 80 percent, so now there is almost no energy loss. The people from Karl-Marx-Stadt have attained international peak quality in material processing.

Our republic possesses effective technologies for the cleaning of steel and non-ferrous metals with the vacuum smelting process by means of electron beams

and plasma beams. Expansion and testing of the solid materials converters (recyclers) in VEB Maxhuetten Unterwellenborn are another way of going past the known and thereby finding the most effective solutions in the interests of the GDR. In comparison to the Siemens-Martin oven, the new procedure achieves three times the performance; the advantages of a converter are combined with the possibility of using scrap exclusively as a raw material.

Laser equipment takes a key position in the working of materials, for cutting, boring and welding, and also for material hardening and engraving. Finishing equipment makes use of these processes in order to work on metals, plastics, glass, wood and other materials efficiently and with great precision.

Quality, resistance to wear and tear, and good appearance of products are all determined by their surfaces. Many products can only be economically produced with the use of special surface techniques. Such procedures are considerably influenced by microelectronics and information technology as well as mechanical engineering and energy technology.

Vacuum vaporization procedures have great significance for the finishing of metals, metal coating of plastic materials or glass, just as spray applications are significant for the process of placing layers (of metals). With the vacuum vaporization of aluminum on sheet steel, over half of all the packing metal required annually in the GDR is effectively protected against corrosion. Vacuum layering, one area in which scientists from the "Manfred von Ardenne" Research Institute and the Central Institute for Solid State Physics and Materials Research at the Academy of Science of the GDR have distinguished themselves, has become enormously important for microelectronics, has often replaced pure metals, and has also made an entry into the production of consumer mirrors in the GDR.

There are other highly modern processes which were created above all by interworking with the development and production of new materials and new combinations of materials. The entire array of modern manufacturing and finishing technologies are therefore justly characterized as a key technology. The advance of technology and finishing techniques is thereby directly tied to the saving of process steps, material and energy economy, an improved product quality and reliability. These are important prerequisites for flexible automation.

#### Science and Key Technologies

Today, and even more so in the future, key technologies are the result of profound scientific work. They are thoroughly based on scientific discoveries and fundamental inventions. It is, however, not done with the discovery and the invention of basic principles. Above all concerted basic research, applied research and development, and a competent scientific and technical background are required in order to develop functional, highly productive technologies in the demanded complexity, and in order to effectively use them.

Without any doubt, the current key technologies will be further developed in the coming years, and new ones will come.

We cannot ignore any of the key technologies in economic application, and to a certain degree this is true of their scientific-technical work. Intensive research in all fields is, however, only possible when that work is apportioned out among all researchers from all the socialist countries in close cooperation. This must be based on the comprehensive program of scientific-technical advancement of the CEMA. For that it is necessary to resolutely pursue the treasure of basic research knowledge for the sake of economic growth. The basic research to be done must be concentrated on the main points and directions of the most important fields of science and the key technologies, as they are currently recognized.

More than ever, the main goals of key technologies are greater speed and effectiveness. It is a matter of recognizing possibilities and using them in order to prepare and master the segments of the science-technology-production-distribution cycle as they are internally connected. There is a basic idea behind the arrangement of cooperation between scientific institutions and the combines: Perform the greatest achievements in science and technology, which are based on widespread basic research and which as quickly as possible produces significant economic and social results.

What is new is that the directed basic research of the combines, academic institutions, universities and colleges, which is already oriented towards concrete products, procedures and technologies, will now be unified by contract. The research and the quick, productive use of its results will be strongly stimulated by appropriate economic regulations. A further goal is greater cooperation in the prognostic and conceptual work when preparing to make strategic decisions concerning the development of combines, and in insuring the material and technical means of doing scientific work through the effective use of the capacities and material funds of the partner.

All of that is an expression of a new quality of cooperation which takes into account the matured relationship between science and production.

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## MECHANICAL ENGINEER REVIEWS ADVANCES IN INDUSTRIAL AUTOMATION

Leipzig LEIPZIGER VOLKSZEITUNG in German 25/26 Oct 86 p 9

[Article by Uta Tok: "Evoking and Controlling the Benevolent Spirits From Here --Screens and Storage Units Instead of Drawing-Ink and Pencils"]

[Text] Someone who has found his calling knows what he has gotten himself into. He is familiar with his field of labor and his working tools, and he knows the periphery around it. One's occupation then already has become part of oneself. But what happens when, above and beyond the natural knowledge one acquires all the time, a fundamental change takes place in one's well-known milieu and not additional learning, but rethinking and relearning become necessary? "Occupations in Change--Vocational Portrays" is what this new series of contributions will be called. We shall introduce people in whose occupations fundamental changes are taking place in these years in consequence of the scientific-technical revolution. We are interested in how they adapt themselves to these innovations and indeed help this very process along. One of them: Heiner Grund, engineer, department chief in the plant construction sector of the VEB equipment and regulatory works in Leipzig.

Accurate lines, letters and figures have always been part and parcel of the designer, the parts designer, the draftsman, which inevitably produced stained fingers and invariably called for pencil sharpening. Indications are that none of that, one way or another, any longer rates as vocational prestige. The computers have come in. Their having taken over meanwhile among the plants designers in the Leipzig equipment and regulating works is now undeniable. The colleagues around department chief Heiner Grund have themselves evoked those beneficent spirits, and they certainly do not want to get rid of them again. For all that, the no longer so frequently stained fingers and the less used spray machines are truly but a more pleasant side-effect. More was involved. For the sake of one needle's ear in the production process and because of the limits objectively reached, they did not want to keep expanding this production preparation sector endlessly by more jobs all the time. Even so, it will take still many years to the final triumph; many obstacles will have to be cleared away. He, Heiner Grund, says he is all for it. Flashback.

The Mechanical Technician Apprentice Evoked the BMSR Spirits

He had become a mechanical technician in his father's enterprise, the VTA. The son wanted to advance and applied for studies in engineering at the technical school for machine construction and electrical engineering. It would

have been logical for him to opt for machine building. But then, in 1962, "BMSR [industrial measuring, control and regulating technology] was in. That was what was coming, not yet widespread then, but getting ready to take over, as it were. That suited me." It suited him so well that he did not mind making up what he lacked in electrical engineering. Three years later the equipment and regulating work were up.

He has stayed there, in the plant, in the department. The task of preparing documentation for the fabrication and assembly of automation equipment for chemical plants and greenhouses also in principle has remained the same. Heiner Grund never loses his desire for innovations. His responsibility has grown. First team chief, then, since 1978, department chief, in between many important tasks leading him to large construction sites for years--Leuna, Bitterfeld, Buna--where he had to make his contribution to starting up the large chemical plants and had to take the responsibility, right on the spot, for the work of his collective. There he had gathered most of his experiences, stimulated by his grown responsibility and duty to direct people. Sure, there had also been some anxiety, but at that time the team was still easy to account for, in contrast to the department as it is today.

So far so good so typical--GDR-typical (merely, and exceptionally, mentioning his wife and son, who of course also already play an important role there). To be demonstrated here is Heiner Grund's incessant search for innovations, to which is added, objectively, a social need identical in kind.

#### First Skirmishes and R 300

It was around 1986. R 300, one of the quite far developed first generation computers entered our enterprises and, with it, many hopes and expectations. It raised the demand--a first in that enterprise--to have the computer handle all technical design preparation and to send consistently all project planning and design documentation through the central computer in the Teltow parent plant. Technically it would have been perfectly possible but organizationally, much too expensive, distances being too far. A part project was carried out in spite of it at the time, the equipment inventory by means of computers. The "first skirmishes," Heiner Grund calls it today. "The disturbances were enormous. In programming and in the computer, too. So antipathies developed among the colleagues against ADP."

Of that many people today still have stories to tell in our republic in seeking to persuade to the use of computers. There were several reasons why R 300 disappointed many dreams, mainly, it is likely, the following: the limits of the technology at the time on the one hand and the production conditions still inadequately developed for the possibilities of this, nonetheless, progressive technology.

Still, the energy, ideas and dreams invested in the R 300 project did not amount to uselessly squandered time and efforts. Even if some lost heart all around him, the engineer stuck to his conviction: "Something had to come that would replace the traditional work with drawing-ink, drawing-paper, and rulers. Miniaturization in electronics, that had to be the future. That was the chance for placing the computer right on the job. The chance for us to get in again and challenge the expensive routine operations." When that happens it is 1981. Microelectronics and computers are talking.

This time, things have picked up steam. Heiner Grund is flying high. Now we find him and his collective forced to rationalize. "The point at which one marks time comes inevitably. Now we had caught a favorable moment. There started the trend to use the new computer technology for rationalization." Hardly imaginable that there could have been someone terrified by the computer, someone who could not have abandoned rather poor experiences. No way, the new technology would have prevailed nevertheless. But it might have cost time, valuable time.

#### Seized by Computer Fever

"It is uncanny what the computer can do now. We are witnessing raving advances now. Jobs look all new. The old must be done away with rigorously. And we are joining all these completely new ways. A change is taking place from the drawing board to the computer. I could not have imagined it when I started at the equipment and regulatory works."

So you have been seized by the computer fever?

As an answer, a long drawn out and reflective "Yeah . . ." "You become personally interested in writing programs. I have sat down at home to develop programs for the administrative work in our department. A nice trick to cope with the shortage in secretaries. That was a departmental initiative, and we are all, with body and soul, working the computer."

And mainly for these reasons: Designing goes better and faster, the quality is up, errors are down, and some errors can even be corrected without any problem thanks to consumer-friendly programs.

That Heiner Grund is all so much for innovations and is attracted by changes must have something to do with upbringing, especially with his father. He was the one to make his son deal with technical hobbies, stimulate his curiosity, and always wanted to know until his old age what was going on in his and in his son's enterprise.

#### Mainly a Technological Effort

A beaming winner and computer fever, that is easily said. What with all the optimism with which one grabbed the ox (read the technology) by its horns, it has been a tenacious, tough struggle with it all. Not as spectacular as costly in efforts and time.

"We knew a little how that would go, had gotten the basics through self-study." But then there was the industrial college complex in the Leipzig Technical College and its chief, Prof Dr Bennewitz, holding a position in the enterprise since 1980. He and his people were the first ones to talk to about what an office computer could do. So they got together and found the most difficult thing was finding a common language. Some knew more of BMSR technology, the others, more of computer technology. Close cooperation and territorial proximity, on that basis alone it became possible in 1984 for the first section of the "bridge list" to function, including a quarter of a year of testing, debugging, perfecting, and finding customer-friendly designs.

Parallelling the effort of a group intoxicated with the new technology, indoctrination was needed in the sector. "You with your expensive typewriters," one could hear them say, mockingly, sceptically, defensively. "When the foundation was laid for it, we informed our colleagues. They were both shy and eager to know what was hitting them." Finally on each level a trade union meeting was convened to report on the latest. It was clear from the outset that it would not work without shift-labor. Everyone was personally drawn in when the delivery deadlines for the computers were set. No one split. Gradually, phase by phase, they approached the limits of the office computer more and more. The CAD systems in design are pressing for overlapping solutions with other production sectors. CAM solutions.

For the time being, however, we have but available more or less used programming courses at the industrial academy. For those who want to know more, want to enter the subject matter more deeply.

Well now, does the computer have advantages?

"My work is more concentrated in working on my own with the computer. It forces me to it. Yet I sense that through my positive attitude toward my work I also can take on higher loads. Physical stress has grown, to be sure, especially on the eyes. Therefore we have legal stipulations: no longer than 6 hours with the computer, every 2 hours a 10-minute break. How fast one forgets about all that, though, when one is in the midst of something."

And the dreams of the future, are they computer dreams?

"My dream would be to be still around when expert systems come in where the computer runs the process from the requirement to the manufacture."

Isn't there a little apprehension that things might grow over one's head?

"Well, but this a wonderful impulse. There is no standstill. Already we can picture our occupation perfectly well without pencils and Indian ink."

5885

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## PROPOSED CHANGES TO ECONOMIC LAWS PROVOKE CONTROVERSY

## Draft Amendments of Economic Laws Reported

Warsaw ZYCIE GOSPODARCZE in Polish No 44, 2 Nov 86 pp 6,7

[Edited by (T.J.): "Proposed Revisions of 11 Decrees"; passages within slantlines printed in boldface in the original]

[Text] On Monday 20 October 1986 the Presidium of the Council of Ministers considered and, following revisions, accepted and transmitted to the Sejm as an integral part of the NSPG [National Socioeconomic Plan], the draft Decree on Amending Certain Decrees Governing the Operation of the Socialized Economy. This draft decree is intended, as stated in the official PAP communique, "to adapt the legal instruments for influencing the economy to the indispensable conditions for implementing the 1986-1990 NSPG."

The draft decree should in addition be transmitted for consultation to the Commission for the Economic Reform, including its Taskforce Ten, which deals with the legal basis for the operation of the economy. Below we publish principal portions of this document, some verbatim and others in an abridged form reflecting their highlights as faithfully as possible.

#### I. Decree on State Enterprises

The entire Article 11 of this decree is to be reworded as follows:

"1. In economically justified cases, at the initiative of the parent agency or the enterprise itself and upon approval by the worker council, the state enterprise may be converted to a joint stock company.

"2. The conversion of the enterprise to a joint stock company should be preceded by legal preparations to which the provisions of Article 12 apply correspondingly.

"3. The parent agency issues the decision permitting the conversion of the enterprise to the joint stock company and defines the terms for liquidating the enterprise and setting up the company.

"4. The Council of Ministers shall define by way of an ordinance the principles and procedure for liquidating the state enterprise prior to the formation of the joint stock company."

At the same time, a new article, Article 16, is appended: "The state enterprise may, jointly with other economic organizations, in economically justified cases, establish a joint stock company or merge with an existing such company. Merging with an existing company in partnership with organizations of the nonsocialized economy requires approval by the state enterprise's parent agency."

Until now the participation of state enterprises in joint stock companies has been governed by Article 11 of the decree and Paragraphs 11 and 12 of the Ordinance of 30 November 1981 of the Council of Ministers issued to implement that decree. But these regulations merely concerned merging with a joint stock company and not the consent or the refusal to join any such company "should this be contrary to the provisions of the Decree on State Enterprises."

Paragraphs 1, 2, and 4 in Article 12 are to be revised, with the main change contained in the new Paragraph 1 which states, "The formation of a state enterprise /or alteration of its founding act regarding its scope of activities or conversion to a public utility enterprise/ is preceded by a preparatory assessment with the object of determining the need for and the conditions of formation of the enterprise or the alteration of its founding act." (The passage within slantlines represents the amendment to the original provision -- T. J.)

Article 23, which defines the merger procedure, is supplemented with Paragraph 4, as follows: "In particularly justified cases the Council of Ministers may, upon the recommendation of the parent agency, and despite the absence of the consent referred to in Paragraph 1 (the consent of the worker council to the merger or break-up of the enterprise -- T. J.), permit the merger or break-up of a state enterprise."

Paragraph 2 of Article 33 is reworded: "The director of the state enterprise shall, acting within the scope of legal provisions, independently take all decisions necessary for a rational and economically cost-effective operation of the enterprise, and is responsible for them, with the exception of matters specifically within the competences of the executive bodies of workforce self-government."

Paragraph 2 of Article 34 is reworded: "The Council of Ministers shall determine by way of an ordinance the list of enterprises of basic importance to the economy at which the directors are to be appointed and recalled by the parent agency through the procedure specified in Paragraph 1."

Till now, that list has been determined in cooperation with trade unions.

Article 35, which refers to the terms for making the post of enterprise director competitive, broadens the membership of the director search commission by adding to it representatives of local governmental agencies, the Polish Economic Society (PTE), and the Scientific Society for Organization and

Management (TNOiK), and is supplemented with two additional paragraphs of which the first states that, if no "suitable candidate" emerges from a twice conducted competitive search, the appointment of the director is to occur in the absence of any further competition. The second new paragraph states that for enterprises formed through a merger no competitive search for the director is required if the intent is to appoint to that post the director of one of the enterprises involved in the merger.

The revised Article 36 introduces the possibility of competitive search for the deputy director and the chief bookkeeper, to be ordered by the director, and at the same time the provision that their appointment is subject "to the consent" of the worker council is replaced with the formula "upon consulting the worker council."

Article 56, which refers to the right of the parent agency to suspend the enterprise director in the event that "the continuing exercise of his duties represents a major violation of the law or is inimical to the basic interests of the national economy," is supplemented with two new Paragraphs 4 and 5, as follows:

"4. The acting director of the state enterprise manages the enterprise and represents it outside.

"5. The parent agency may appoint the acting enterprise director also in cases of the cessation of activity by the enterprise director other than those specified in Paragraph 2" (the director's suspension -- T. J.).

Paragraph 2 of Article 57 is reworded: "Objections (by the director or the [worker] council against decisions taken by the enterprise's supervisory agency -- T. J.) are to be, together with their rationale, submitted to the agency issuing the decision within 7 days from the date of its transmittal. The submission of an objection halts the execution of the decision, /with the exception of decisions to suspend the enterprise director which are subject to immediate implementation/" (the passage within slantlines represents the amendment to this point -- T. J.).

Chapter 13 of the original decree, "Associations of State Enterprises," is entirely altered and provided with a new heading, "Unions of State Enterprises."

[Below is the amended text of Chapter 13]

"Article 59.1. State enterprises may, for economically justified purposes, form joint associations or groups hereinafter referred to as 'associations' or 'groups'.

"2. The enterprise associations or groups may be joined by other organizations of the socialized economy as specified in the agreement to form the enterprise association or group.

"Article 60. 1. Associations may be formed to take measures promoting common interests and to accomplish the purposes for which state enterprises and other associated organizations are established.

"2. The association of state enterprises may engage in economic activities in compliance with the terms and regulations governing state enterprises.

"Article 61. 1. The formation of the association shall occur on the basis of an agreement concluded with the consent of the worker councils of the member enterprises of the association.

"2. The joining of other types of organizations in an enterprise association shall take place in compliance with the legal provisions governing the formation and operations of such organizations.

"Article 62. 1. In exceptional socially and economically warranted cases the Council of Ministers may, upon consulting the appropriate Sejm commissions, decree the obligation to form an association of specified enterprises and obligate these enterprises to conclude an agreement to form a joint association for a period of up to 5 years.

"2. The Council of Ministers may also obligate other types of state organizations to participate in the thus established association.

"3. In imposing the obligation referred to in Paragraph 1 the Council of Ministers shall define the purpose of the association and its attendant tasks and obligations as well as the terms of the agreement to form the association, binding irrevocably the parties to the association.

"4. In exceptional cases the Council of Ministers may, upon consulting the appropriate Sejm commission, prolong the period of time referred to in Paragraph 1.

"Article 63. 1. The agreement to form the association specifies the name of the association, the names of the member enterprises, the purpose and nature of activities, the bodies of the association, and the resources needed to accomplish this purpose.

"2. The specific scope of activities of the association and its bodies is defined in the statute of the association, to be resolved upon by the association's council.

"Article 64.1. The association is subject to being entered in the Registry of State Enterprises. The provisions of Paragraphs 1 and 2 of Article 20 apply correspondingly.

"2. The association shall become a legal entity once it is entered in the Registry.

"Article 65. 1. The governing body of the association is the association council.



"2. The director and a representative of the worker council of the enterprise belonging to the association are members of the association council.

"3. The association council elects a chairperson from among its members.

"4. The rules for the membership in the association council of representatives of types of organizations other than the state enterprise are defined in the association's statute.

"Article 66. 1. The executive branch of the association council is the director, who is appointed or recalled by the association council.

"2. The scope of activities of the director and his duties and rights are defined in the statute of the association or in the agreement to form the association.

"3. The director of the association referred to in Article 62, Paragraph 1, is appointed and recalled by the association council upon the consent of the agency supervising the association. Article 35 applies correspondingly to the appointment of the director.

"Article 66a.1. A state enterprise may, upon the consent of the worker council and in compliance with the procedure defined in the founding agreement or statute of the association, withdraw from any association not formed owing to the obligation imposed in Article 62, Paragraph 1.

"2. The provisions of Paragraph 1 above apply correspondingly to other types of organizations belonging to the association.

"Article 66b. The Council of Ministers shall determine by way of an ordinance the procedure and terms for the formation of associations of state enterprises referred to in Article 62, Paragraph 1, as well as the scope of their supervision and the agencies appointed to exercise it.

"Article 66c.1. Groups may be formed with the object of pursuing a common policy and development activities, especially as regards promoting the development of exports, accelerating technical progress, restructuring production at member enterprises of the group, and strengthening coproduction ties.

"2. A group is formed through an agreement among interested state enterprises as based on contributions of parts of their assets to be converted into shares owned by the group in these enterprises.

"3. The group and the state enterprises forming it are legal entities.

"4. The group is an economic organization acting in compliance with the laws binding on state enterprises. The group may engage in economic activities directly or through the mediation of a designated organizational unit.

"5. The group may form joint stock companies or join existing companies of this kind.

"Article 66d.1. The establishment of the group requires the consent of the Council of Ministers, which shall designate the state agency overseeing the group.

"2. The Council of Ministers will express its consent to the establishment of the group upon the proposal of interested state enterprises, following consultation of the concerned parent agencies, and upon the consent of the worker councils at these enterprises.

"3. A recommendation for forming the group may also be submitted by the parent agencies in cooperation with the interested enterprises and upon obtaining the consent of the worker councils at these enterprises.

"4. When expressing its consent, the Council of Ministers shall define:

"1) the permissible share of fixed assets of the enterprises, in the part financed from their statutory funds, that they can contribute to the group;

"2) the state agency supervising the group;

"3) the principles on which the supervising agency may contribute to the group funds from the State Treasury as well as from specific sources.

"Article 66e. The group may be joined by other types of organizations of the socialized economy on terms specified in the agreement to establish the group and upon complying with the requirements of the provisions governing the activities of the legal entities intending to join the group.

"Article 66f.1. The agreement to form the group specifies:

"1) the name and seat of the group;

"2) the names of the member enterprises and other units of the socialized economy;

"3) nature and purpose of activities;

"4) percentage or value of the assets contributed by member enterprises to the group;

"5) rules for the utilization by the group of the profits accruing to its share in the assets of the group's members;

"6) principles and scope of participation of the group in drafting and determining the plans of the group's members;

"7) rules for determining the participation and number of votes to be credited to discrete members of the group in the group's council;

"8) rules for withdrawal from the group and for admitting other types of units of the socialized economy as members of the group;

"9) rules for the formation and utilization of joint funds by the group's members.

"2. The specific scope of activities of the group and its bodies, the relations among the enterprises belonging to the group, and the relations between these enterprises and the group, are defined in the group's statute to be voted by the group council and approved by the agency exercising supervision over the group.

"Article 66g.1. The group is subject to being entered in the Registry of State Enterprises. The provisions of Article 20, Paragraphs 1 and 2, apply correspondingly.

"2. Once it is entered in the Registry, the group has the status of a legal entity.

"Article 66h.1. The group's bodies may take decisions and determine tasks relating to the activities of the enterprises and other types of organizations belonging to the group only in the cases specified in the agreement to establish the group or in the group's statute.

"2. The agreement to establish the group and its statute should define the principles and procedure for the decisionmaking and determination of tasks referred to in Paragraph 1 above as well as the principles and procedure for adjudicating disputes between the member enterprises and the group's bodies.

"Article 66i. The formation of the group and its operations shall not infringe upon the competences of the self-government bodies of the workforce of the enterprises belonging to the group, as well as of the worker self-government of other types of organizations of the socialized economy.

"Article 66j.1. The group's bodies are the group council and the group director.

"2. The agreement to form the group defines the division of powers between the group's bodies.

"3. The agreement or statute may provide for the formation of bodies other than those named in Paragraph 1 and define their membership, competences, and formative procedure.

"Article 66k.1. The membership of the group council shall consist of: one representative each of all the economic organizations belonging to the group; a representative of the state agency supervising the operations of the group; a representative of the bank at which the group maintains an account; and, in the event that the group's operations are subsidized from the state budget, a representative of the ministry of finance.

"2. The group director is appointed and recalled by the agency supervising the group, upon the consent of the group council, from among candidates identified through a competitive search.

"3. The activities and remuneration of the group directors are governed by the corresponding provisions of the Decree concerning enterprise directors.

"Article 66l.1. The director directs the group with the aid of the governing board.

"2. The structure of the governing board is defined in the group statute.

"3. The cost of maintaining the board is defrayed from the group's share in the profits of its members, from the profits of directly organized economic activities of the group, and from income from sales of own products, goods, and services.

"Article 66ll. The group conducts its financial operations on the same principles as a state enterprise.

"Article 66m. A state enterprise may belong to only one group. In particularly justified cases, upon the consent of its parent agency, the enterprise may belong to two or more groups."

## II. Decree On Improvements in the Performance of the State Enterprise and Its Bankruptcy

This decree is supplemented with Article 3a, worded as follows: "Resolutions of the general meeting of the workforce and of the worker council are not binding if their implementation necessitates initiating within the enterprise activities ensuing from this Decree" [as published].

## III. Decree on Planning

The first change concerns regional planning. Thus, Article 10 is complemented with a provision to the effect that the National Socioeconomic Plan may specify binding tasks for voivodship socioeconomic plans, while Article 13 is to contain the additional provision that, when drafting regional plans, local governmental agencies are to follow the methodological principles established by the chairman of the Planning Commission. In addition, a new provision (Article 25.a) specifies that assumptions and drafts of regional plans are to be submitted for consultation to planning agencies on a hierarchical scale, that is: voivodship plans are to be submitted to the chairman of the Planning Commission, while municipal and gmina plans are to be submitted to chairmen of the appropriate voivodship planning commissions "insofar as their consonance with the basic assumptions of the socioeconomic policy defined in the national (voivodship) socioeconomic plan is concerned." People's councils henceforth may not consider draft plans in the absence of recommendations from planning agencies.

In Article 24, Paragraph 2, only one word (given here within slantlines) is deleted: "The assumptions of the central annual plan should allow for the provisions of the National Socioeconomic Plan concerning the year in question, the assessment of the status and conditions of the national economy, the results anticipated for the current year, and the anticipated external

conditions for the plan year. On the basis of these assumptions, /variant/ proposals concerning way of implementing most efficiently the goals of the National Socioeconomic Plan should be presented."

A new chapter, 7a, "Security Deposits on Investments Consisting in Construction That Comprises Buildings," is added.

"1. Units of the socialized economy engaging in investments that consist in construction comprising buildings may be obligated to pay security deposits, hereinafter referred to as deposits, from the funds serving to finance the investment to a special non-interestbearing bank account; the Council of Ministers shall determine, by way of an ordinance, the periods of time (consonant with periods in the National Socioeconomic Plan) during which the obligation of charging a security deposit applies, and it also shall specify the percentile proportion of deposits with allowance for the nature of the investment project, the procedure and rules for determining, paying, and refunding the deposit, the fees, payable to the state budget, for delays in reimbursement of the deposits, the types of investment projects for which no deposits are required, and instances in which exemption from the duty of making the deposit may be withdrawn."

In Article 23 Point 2 of Paragraph 2 is reworded: "In particularly justified cases, if, despite the granting of supply warranties, the unit of the socialized economy refuses to conclude an agreement to implement a government order or an operational program consonant with its activities, the appropriate governmental agency is authorized to impose on said unit the obligation to conclude the agreement."

#### IV. Decree on Taxation

The principal changes in that decree pertain to the tax on norm-exceeding wages. Thus, inter alia:

Paragraph 2 of Article 30 is supplemented with Point 1a, as follows: "...the amount of remuneration charged to cost that exceeds the amount of remuneration determined in accordance with the principles defined by the Council of Ministers pursuant to Article 2a."

New paragraphs, 2a and 2b, also are added to Article 30:

"2a. The Council of Ministers may specify in the Central Annual Plan the index of increase in the amount of remuneration charged to cost which if exceeded requires the payment of the tax. This index is computed in relation to the amount of remuneration paid in the year preceding the fiscal year.

"2b. When determining the taxation base for the case referred to in Point 2 of Paragraph 2:

"1) the provisions of Paragraph 1, Point 2, of Article 34 ('The MPPiSS [Ministry of Labor, Wages, and Social Welfare] determines the components of remuneration which, owing to their limited dependence on changes in the level

of production and services, are not included when determining the amount of remuneration serving as the basis for taxation"), do not apply.

"2) the reduction owing to export sales referred to in Point 1d of Article 32 is exempt."

Point 1c of Article 32 is reworded: "The Council of Ministers shall determine by way of an ordinance the tax rates based on a progressive scale of from 40 to 500 percent for the taxation base referred to in Paragraph 2, Point 1, of Article 30, and from 100 to 400 percent for the taxation base referred to in Paragraph 2, Point 2, of Article 30, as well as a tax rate of at least 500 percent for the taxation base referred to in Paragraph 2, Point 1a."

In addition, the following clause, shown within slantlines below, is deleted from Point 2 of Article 30: (The Council of Ministers) "may apply to certain economic units, /as related to the specific conditions of their operation/, a criterion other than but similar to net sales of output, (and) it may specify principles other than those defined in Article 31 for determining the tax-exempt amount and the tax rates adapted to these principles."

Paragraph 2, Point 1, of Article 30 refers to wage remuneration paid as part of cost, while Paragraph 2, Point 1a, of the same Article refers to awards and bonuses payable out of distributed profits.

The following Article 35a is added: "For economic units at which the percentile increase in wages charged to cost in relation to the year preceding the fiscal year, minus the tax relief granted for export sales:

"1) is greater than the index of increase in wages specified in the Central Annual Plan, or

"2) which contract an obligation to pay a tax on norm-exceeding wages that is greater than 25 percent of distributed profits, or which attain a balance-sheet surplus, are not eligible for:

"a) income tax relief defined in separate regulations by the Council of Ministers;

"b) budget subsidies in an amount corresponding to the amount of tax due for norm-exceeding wages, except that this does not apply to economic units receiving subsidies in the form of price differentials and to units at which the share of subsidized output in the overall volume of their output sales does not exceed 25 percent."

In addition, in Article 15 the Sejm is deprived of the power to determine the list of goods and services deemed sumptuary as well as to determine the turnover tax rates for such goods and services, while in Paragraph 2, Point 2, of Article 36, the list of organizations exempt from the tax on norm-exceeding remuneration is broadened to include state housing enterprises (plants).

#### V. Decree on Financial Management

Paragraph 3 of Article 28 of that decree revokes the obligation of assigning part of the revenues from excess surcharges to the Central Fund for the Development of Science and Technology. On the other hand, Paragraph 4 of the same article is reworded to the effect that the rates of deductions to fot-e [as published] in the National Socioeconomic Plan are based on the branch-subsector structure of the economy and allow for increasing the normative deduction to an extent of not more than 25 percent, or for reducing it (without specifying the limit -- T.J.).

Paragraph 1 of Article 39 is complemented with a sentence to the effect that an enterprise that has joined an association without being obliged to do so will defray its membership expenses from distributed profits.

## VI. Decree on Prices

In addition to numerous nomenclatural revisions due to the abolition of the Office for Prices and the transfer of its powers to the Ministry of Finance and its local agencies, the following substantive changes are introduced.

Paragraph 2, Point 1, of Article 13 is reworded: "With the object of counteracting certain unfavorable socioeconomic phenomena the Council of Ministers may introduce periodic maximal indicators of increase in contract prices and regulated prices of specified groups of goods, services, and construction operations and construction projects." And Point 2 is supplemented with Point 2a: (The Council of Ministers may, for the same purpose as above -- T.J.) "place the economic unit (the seller) under the obligation of reporting to treasury chambers on the increase in the contract price or regulated price and on the reasons for such increase."

An additional article, Article 13a, is introduced:

"1. The Minister of Finance may decide to apply surcharges on the official prices and regulated prices obligating the seller, or he may decide to grant discounts on these prices to the customer in the event that longterm agreements for sale or delivery are concluded, upon at the same time determining the upper or lower limits of these surcharges and discounts.

"2. People's councils at the voivodship level may introduce, in cases justified by important social needs, the obligation of surcharges on prices of tourist and recreational services provided within the voivodship, as well as on prices of certain goods directly related to tourism services. The amount of these surcharges may not exceed 10 percent of the prices of goods or services. The revenues from the surcharges are to be used to augment voivodship tourism and recreational funds or regional funds for the preservation of cultural landmarks."

The following Paragraph 5 is added to Article 15: "The Minister of Finance determines, in consultation with the Minister of Metallurgy and Machinery Industry, the Chairman of the PKNMiJ [Polish Committee for Standardization and Measures], and the concerned ministers, the minimum subsector discounts on contract prices for the lower quality classes (grades, degrees, products) specified in the standards or other special requirements for discrete products

as well as (for) products of a quality lower than required in the standard but permitted to circulate by way of deviations from the standard."

The following Paragraphs 3 and 4 are added to Article 17:

"3. Voivodship governors as well as the mayors of Capital City of Warsaw, Krakow, and Lodz shall determine the official prices of certain goods and services (defined by the Sejm under Paragraph 1 of Article 7).

"4. Basic-level people's councils and, in cities subdivided into boroughs, the people's councils of these cities shall determine the price zones (tariff zones) mandatory for the conveyance of passengers and freight by taxis and freight vehicles."

#### VII. Decree on Research and Development Units

The entire Article 8 of this decree is reworded as follows:

"1. With the object of a comprehensive solution of scientific and technical problems, a more rapid application of R&D findings to economic practice, and the conduct of an up-to-date production of goods (services) of major importance to the national economy, units of a multifunctional nature termed 'science-and-production centers' may be established.

"2. Science-and-production centers may be established in the form of:

"1) multiplant state enterprises;

"2) associations of R&D units and state enterprises;

"3) groups of R&D units and state enterprises.

"3. Science-and-production centers operate on the same principles as state enterprises and their associations and groups, except for the reservations specified in Paragraphs 4-6.

"4. Research-and-development centers operating as financially autonomous units within multiplant state enterprises shall:

"1) conduct financial operations in compliance with the principles defined in Articles 10-15 of this Decree, except that the scope of their financial autonomy and the nature of the relationship between their business administration and the business administration of the science-and-production center as a whole is individually defined by the statute of each center;

"2) be governed by the tax regulations applying to R&D units;

"3) apply corresponding provisions of Chapters 6-13 of this Decree to their personnel relations.



"5. The Council of Ministers may define, by way of an ordinance, the specific principles of functioning of the science-and-production centers established in the form of associations or groups of R&D units and state enterprises.

"6. The existing science-and-production centers will adapt their organization and scope of activities to the provisions of this Decree."

In addition, paragraph 1 of Article 63 will be reworded: "Scientific research institutes and other R&D units, including R&D centers and central laboratories, operating on the day this Decree becomes effective, become R&D units as construed by this Decree once they are entered in the Registry referred to in Paragraph 1, Article 9. Until that time they shall operate on the basis of previous regulations."

Furthermore, revisions are to be introduced in the decrees on: the Planning Commission, central science and technology development funds, the State Economic Arbitration, and site planning. Thus, altogether 11 decrees are to be amended.

Independently of these changes, the "Decree on Amending Certain Decrees" contains the following additional regulations:

#### A. Concerning Materials Management

"1. The minister of materials and fuels management is authorized to:

"-- establish state norms for the consumption of raw and other materials binding on economic organizations when planning mechanization, production, and construction and installation operations;

"-- introduce prohibitions, binding upon economic organizations, against the:

"a) use of certain materials and fuels in manufacturing specified products and providing services;

"b) production of specified excessively energy- and materials-intensive products;

"c) use of highly energy- and materials-intensive production technologies and services.

"2. Failure to adhere to the above norms and prohibitions is punishable by fines payable to the Central Fund for the Conservation of Fuel, Energy, and Raw and Other Materials, which augment extraordinary losses of the economic organization. The amounts of the fines, the procedure for imposing them, and the agencies passing verdicts on these matters shall be determined by the Council of Ministers by way of an ordinance."

#### B> Concerning Wages

1. The Council of Ministers is authorized to issue an interim prohibition against wage increases and to:

2. Define the labor-valuation principles for determining wage rates and tables.

C. Concerning the Status of the Director of the State Enterprise

1. The employment relationship of the director of the enterprise becomes effective on the day specified in his letter of appointment, or if that day is not specified there, on the day that letter is delivered to him.

2. The Council of Ministers will issue an ordinance determining the principles for the salary of the director of the state enterprise and the acting manager of the enterprise, with allowance for the enterprise's actual economic performance.

3. The letter recalling the director of a state enterprise should specify the cause of the recall.

4. In the event of his recall from the post of director of a state enterprise, a) the recalled employee is entitled to a severance pay equivalent to 3 months of his latest salary, unless the recall is due to reasons justifying dismissal without prior notice;

b) the recalled employee is entitled to a severance pay equivalent to 6 months of his latest salary if the recall is performed in the absence of a justifying reason;

c) the person appointed to that office for a fixed period of time is entitled to the remuneration referred to in Point 2 if his recall occurs prior to the expiration of that period.

5. The remuneration referred to in Paragraph 4 is subject to being reduced by the remuneration which the employee recalled from the post of director of the state enterprise has received during the period for which it had been paid.

6. Matters relating to proceedings for the payment of the remuneration referred to in Paragraph 4 are subject to consideration by a labor court.

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In connection with the scope, nature, and frequency of their revisions in the recent period, the draft decree specifies that uniform texts of the decrees on state enterprises, planning, prices, and financial management will be published in DZIENNIK USTAW. It is expected that the draft decree will become effective as of 1 January 1987.

Messner Apologizes to Reform Commission

Warsaw ZYCIE WARSZAWY in Polish 18 Nov 86 pp 1,2

[Article by (Ch.): "There's No Return to Old Methods--Only Needed Changes of Regulations" surtitled "Session of the Commission for the Economic Reform"]

[Text] (P) (ZYCIE WARSZAWY service) The attendance at the 17 November session of the Commission for the Economic Reform was exceptionally high, thus dispelling the rumor, which also was mentioned by Prime Minister Zbigniew Messner who chaired the session, that this time the deliberations of that body were going to be boycotted.

The course of this session, which abounded in many extremely emotional speeches and diametrically opposite recommendations, justified the expectation that this time it would deal with fundamental issues.

Two draft decrees were on the agenda: On Amending Certain Decrees That Define the Operation of the Socialized Economy, and on Innovative Organizations. The actual discussion, as expected, focused on the regulations concerning the economic reform, which besides provided the stimulus for discussing how to interpret the second stage of that reform.

Prime Minister Zbigniew Messner began the deliberations by offering an assurance that the line of reforms confirmed by the 10th PZPR Congress, which had proclaimed the abovementioned second stage, will be continued. However, this issue is clouded by many misunderstandings, due also to the diverging interpretations of the draft decree for amending a package of decrees, and that draft decree itself has become an emotional issue owing to the unfortunate manner in which parts of it have been drafted. It has been submitted to the Sejm as an indispensable set of economic instruments for the National Socioeconomic Plan serving to provide an overview of the complex whole of the Plan's problems. But since members of the Commission for the Economic Reform wrote several letters complaining that the package of proposals represented by this draft decree had not been first submitted to a session of that body, the Prime Minister apologized to it and subsequently discussed the much broader problem of the functioning of the Commission.

Next, the Commission's Secretary Dr Franciszek Kubiczek presented a package of the Government's revisions of that controversial draft decree, allowing for the recommendations and postulates offered by, among others, representatives of worker self-government at both the all-Polish conference and the meeting of worker-council representatives with Prime Minister Z. Messner.

However, in its proposed milder version this draft decree still elicited polemics, with the disputants voicing diametrically opposite opinions ranging from total criticism to further revisions proposed by the Secretariat of the Reform Commission and to the other extreme characterized by comments that it is high time for the Government to stop waiting for and relying on the uncertain operation of self-regulating mechanisms and begin applying more energetic instruments for direct guidance.

Still, most of the comments were of the so-called "golden mean" variety. Stanislaw Albrecht appealed for a dispassionate consideration of the issues, stating that, although the economy does require disciplining and that this had been the intention of the authors of the draft decree, the formula arrived at by these authors is inexpedient and elicits anxiety in many circles; moreover some of the regulations it proposes are of doubtful efficacy in view of the

practices so far. In particular, he believes that the proposed concept of an economic equilibrium is unrealistic and dangerous.

Professor Ludwik Bar discussed the role of the Commission for the Economic Reform and pointed out that the reason for the immature phrasing of the proposed draft decree is because the Commission had not been consulted when drafting it. He therefore proposed appointing a team for determining which revisions of legal regulations are temporarily indeed indispensable, and at the same time for researching the theory of problems of economic law.

Likewise, Professor Zdzislaw Sadowski, who took the floor following the most critical comments by Docent Jerzy Osiatynski and Professor Cezary Jozefiak, espoused the golden mean. He believes that the amending draft decree is not intended to abandon the economic reform in favor of another recentralization, and that neither it is intended to weaken the enterprise as the basic element of the reform. He does not either think that this draft decree reflects a concept of the second stage of the reform. But he is in accord with the view, presented at the discussion, that the manner in which the draft decree was presented is handicapping the chances for its acceptance. There is no need to amend all at once 12 or 13 decrees; instead, the revisions should have been limited to the indispensable ones on which the fulfillment of the plan, that is, the recovery of the economic equilibrium, hinges. As for the other proposed amendments, it would be better to withdraw them and resubmit them once they are redrafted more maturely. For at present even the solutions enabling the Government to prevent the rise of monopolies of the MEGAT type are suspect as a tool promoting monopolization.

Other discussants supported Prof Sadowski's views and, in conclusion, Prime Minister Messner reacted positively to them as well as to the recommendation by Prof Bar that the proposals to be submitted to the Sejm contain only what is genuinely urgent while the solutions of a more longrange nature should be reviewed by a competent body appointed from among members of the Commission for the Economic Reform.

The Prime Minister also referred to general trends relating to the second stage of the reform, as mentioned in the discussion. Like Deputy Prime Minister Manfred Gorzywoda in his response to the accusations, the Prime Minister also stated that the Government had no intention of changing the principles of the reform, and furthermore that, regardless of the delays occasioned by subjective and objective reasons, the cause of the reform is being promoted, even though its progress is not as rapid as we might expect. He also voiced the wish to be a prime minister "in a situation in which the complete model of the reform is translated into reality, with market mechanisms verifying the prices and influencing quality of production, and with the self-regulation of many processes becoming a fact. For then a prime minister's work would be easier. Our ideological model of the reform was well-prepared. Contrary to demagogic insinuations, the Government doesn't want to halt the reform. This does not mean that subjective obstacles do not exist among us [at the top], but at present they are much more numerous at the bottom -- at the enterprises. This may be exemplified by the piles of letters from the enterprises requesting the central authorities to intervene. Each day the prime minister begins his work by reading such letters. It would thus be

worthwhile, as proposed, to draft a report elucidating the nature of the second stage of the reform."

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The session of the Commission for the Economic Reform appears to be significant to the nature and procedure of decisionmaking against the background of clash of various and often opposed opinions. It is an unprecedented and eloquent fact that the Prime Minister was capable of publicly apologizing to the Commission which he is chairing for the unfortunate manner in which the draft decree was prepared, and even more significant of the new style may be the fact that immature or questionable proposals were withdrawn in face of the presented arguments. It is possible that had the entire package of the amendments been first proposed to the Commission, the abandonment of the reform would not have been suspected and the considerable anxiety felt by worker self-government activists would not have arisen. The fact that the Commission's role was affirmed, and that proposals for refining its operating procedures were accepted, warrants assuming that in the future many unnecessary emotions of this kind will be avoided.

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## CHANGES IN ECONOMIC LAWS SEEN AS CONTRARY TO REFORM

Warsaw ZYCIE GOSPODARCZE in Polish No 47, 23 Nov 86 pp 4-5

[Article by Mieczyslaw Mieszczankowski: "We're on the Wrong Track!"; passages in slantlines printed in boldface]

[Text] The draft of revising 11 laws has been subjected to pointed criticism as early as the first approach in the PRON [Patriotic Movement for National Rebirth] forum and at the conference of self-government representatives. This criticism is fully justified. However, desirable directions for implementing the second stage of reform, associated with meeting the NPSG [National Socio-Economic Plan] targets, were not indicated in these critiques. Therefore, it is an open question, calling not only for criticism but also for constructive proposals.

All expert reviews of the implementation of the economic reform in the years past have indicated that its economic arrangements do not promote efficiency adequately, that responsiveness of the economy to economic instruments is highly unsatisfactory. Against this background, suggestions were put forth to streamline (improve) the mechanisms of reform and reinforce central planning. Stating that the arrangements of the reform are indeed too "loose" and that they should be, as Gen Jaruzelski put it, "made air-tight", these expert reviews, numerous publications and presentations at conferences, and the congress of economists pointed out the avenues of action associated with speeding up the reform and embarking on its second stage.

Therefore, it could be expected that the Planning Commission, which has taken over the responsibilities of the Office of Government Commissioner for the Reform, will prepare draft arrangements in keeping with these directions, have them discussed by the teams of the Commission on Economic Reform and evaluated at its plenary meeting and by other social organizations and, subsequently, submit if after reworking to the government, which, upon consideration, will introduce the drafts in the Sejm.

Meanwhile, the opposite has occurred. Without any precedent in the course of work on the reform, the Planning Commission drafted changes in 11 laws in the quiet of its offices and, without consulting anybody, submitted to the government the drafts which soon found their way to the Sejm. (This procedure amounting to a surprise action cannot be justified by time pressure). This

reproachable procedure would not be a great misfortune if the prepared draft of changing 11 laws were in compliance with the postulated and the only acceptable avenues for implementing the second stage of the reform, i.e. streamlining economic instruments, reinforcing their pro-efficiency impact and simultaneously improving the economic transmission of the central plan to enterprises. It turned out, however, that the Planning Commission did not take this path, opting for (or rather returning to) the path of administrative tools of managing the economy. Moreover, it is suggesting that powers of employee self-government be severely curtailed. After all, this is a logical consequence of the path taken.

#### Keep Fundamentals Intact

/Not one of the analyses of the reform would indicate that the powers of self-government thus far have been a negative influence on the operation of reform mechanisms. We may say that the opposite has been the case; it is exactly the development of self-government and its increasing activity that has been a weighty factor responsible for the achievements of the reform,/ which, though modest, are not denied by anyone. This inescapably suggests the conclusion that draft restrictions on the powers of employee self-government do not have an objective foundation, justifiable in terms of economics.

Even worse, these restrictions pose (would pose) a great threat to the future of the reform. By now, the experience of many years, and then not only in our country, has proven irrefutably that the model of administrative management is not adequate for a socialist economy. Objectively, the working class is a /co-managing subject/ due to the social ownership of the means of production, and eliminating or weakening its role has not been and will not be any good. The proposed restrictions on self-government powers would bring about an atrophy of their operations and, by virtue of that, eliminate initiative from the bottom, a mass movement of millions of working people, and, consequently, throw away the chance for carrying on the cause of the economic reform effectively. Technically, the package of amendments to the 11 laws does not violate the basic law on self-government, but only technically. Changes suggested to be introduced in other laws, especially in the law on state enterprises, amount to a considerable violation of the law on workforce self-government.

In this context, a parallel with the year 1946 appears obvious. At the time, the Ministry of Industry issued instructions on delineating the responsibilities of directors and enterprise councils, which were a form of workers' self-government. Pursuant to these instructions, the councils were deprived of influence on the operation of their enterprises. Soon, this brought about an atrophy of the operation of these councils. In this way, the workers' self-government of that time was eliminated, technically without violating the decree on enterprise councils.

Without suspecting the authors who currently suggest restricting the powers of the workforce self-government of having such intentions, one has cause to believe that, even despite their intent, implementing these restrictions would incapacitate the self-government (as was the case in 1946 and subsequently in 1958, when, following the restoration of workers' councils in 1956, they were

incapacitated pursuant to the law on setting up the KSR [Workers' Self-Government Conferences]). This is why /all provisions in the draft of the 11 laws modifying the law on workforce self-government should be unconditionally nullified as "offensive" for the resolutions of this law./

This is not to say that the experience of management and reform implementation does not point to a need for certain modifications along the axis self-government--management--the center (i.e. the three main subjects in management). These modifications should be made, however, not in a way which actually revises the law on self-government, the principles of which should be cherished like the apple of one's eye. There is another way, which is already known: signing agreements with self-government. All provisions regarding the powers of self-government should be adopted by the central authorities in unconditional cooperation with self-government organs. Practice is already suggesting to us the forms of such arrangements. These do not have to be laws, but rather acts of a lower order issued by the government in cooperation with the national representation of workforce self-government (thus far operating in the form of national conferences). Eventual disputes between these parties in matters of principle should be resolved by the Constitutional Tribunal.

Assuming that the drafts restricting individual powers of self-government (on the issues of enterprise bankruptcy, influence on selecting management cadres proper of enterprises, the right to decide on splitting up and merging enterprises and others) will be totally withdrawn, the basic issue in question involves the status of director of a state enterprise. These proper requests to consolidate the position of director in their legal format should not in any way encroach on the current powers of self-government. The eventual more precise division of responsibilities between self-government. We should add that this status should also enhance the rights of a director with regard to an administrative decision of the center. In matters of this kind, self-government itself should be his shield.

#### Without Stifling Incentives

The problem of equilibrium and inflation is one of the key issues in introducing the reform successfully. Undoubtedly, growth of wages and other income of the populace has been excessive, especially in the last 2 years, thus being a considerable factor in generating inflation. (By saying "excessive", I mean the fact that in real terms the growth of wages has outstripped labor productivity; this is also the case with the growth of other income). To date, the system of regulating the growth of wages has not made the grade. The "credit" for that goes to a great degree to extensive granting of preferential treatment. New arrangements supplanting the PFAZ [National Vocational Mobilization and Retraining Fund] also hold no promise to improve the situation in this sphere. Therefore, the search for additional arrangements which can ameliorate the situation is well advised.

/Proposals in this matter included in the draft changes in the 11 laws are proceeding in absolutely the inappropriate direction. In reality, they amount to a return to limiting wages./ This is expressed in introducing the cutoff point for the growth of wages free from taxation (to be established



annually in the central annual plan) and a punitive tax on the increment of wages above this point, which for a majority of enterprises would mean that exceeding this threshold is impossible.

This is a startling proposal running counter not only to the spirit of the reform but also to the principles of an "enlightened" command system. After all, within the framework of this system, in the course of modifying the WOG [Large Economic Organization] reform, the so-called zero coefficient was introduced. Its purpose was to prevent excessive growth of wages. It tied the growth of the wage fund in a certain proportion to the growth of labor productivity as measured by sales in current prices. Thus, it did not amount to stifling incentives; it stated that the higher the growth of sales and productivity is, the higher the wage fund.

In practice, the present proposal means eliminating incentives of this nature. /The growth of the wage fund would depend on the effects of management only to a small degree, and in a considerable number of cases, would be downright independent of these results./ For this reason, this proposal is by no means worthy of approval. Equally important is the fact that it is an illusion to believe that it will work out in practice: the threshold for the growth of wages will have to be exceeded if it is set low (in relation to the growth of prices). Practice has borne this out time and time again. Consequently, this would do more harm than good.

While resolutely rejecting the limiting of wages, /we should consider, certainly as a transitory solution, setting norms for the growth of wage funds, which would make this growth dependent on the results of operations./ In this matter, we can use the experience of the zero coefficient; certainly, using this concept now would call for certain modifications. /Only the growth of wages above the level set by this norm could trigger a very steep progressive tax./

We should add, and stress on this occasion, that this solution would be a half-measure without establishing order in the remuneration systems in all spheres of economic and social life. (Among other things, it is impossible to tolerate the situation in which percentage increases in wages are more or less the same regardless of the absolute level of wages. This, after all, means, for example, twice as high growth of absolute wages in the case of wages twice as high as their lower level, and so on). As has already been stressed on many occasions, no norms, to say nothing of limits, will help if there is no regulation of the ratio between wages and inflation.

As far as the incentive system is concerned, the statement on the Council of Ministers setting forth by decree the guidelines for remunerations to the director of an enterprise is important. The current situation in this sphere is abnormal and is not in line with the thrust of the reform (this applies to all management cadres proper of the enterprise). Principles of remuneration for these cadres should be set forth precisely; /apart from assigning the basic pay grades, a considerable segment of remunerations should be tied with the main elements of the management [process] and the results achieved in that sphere. It means that the bonuses should be mandatorily pegged to several most important indicators of enterprise operations./ The guidelines for wages

and bonuses to enterprise management so defined should be the framework. Their specific application within this framework (maybe within versions) could proceed in accordance with the mode to date. Before these guidelines are implemented, they should be coordinated with the trade unions and representatives of workforce self-government.

#### Other Key Problems

As is known, basic problems of economic operations occur within the triangle of wages, prices and profit, and in the planned economy also in the arrangement of requisite transmission belts of central planning and management. In the outline of proposals to speed up the reform and embark on its second stage, great importance was attached to progress in rendering the prices parametric.

Meanwhile, in both the draft national socio-economic plan and the already adopted central annual plan for 1987, as well as the draft of changing the 11 laws, this issue is not duly covered. /It should be suggested that equilibrium prices be introduced and their parametric nature be maintained in all segments of the market where it is possible, especially in the segments with lower popular sensitivity. Meanwhile, the program of restoring equilibrium in the market and controlling inflation does not appear to be specific. In any event, this is what one is led to believe on the basis of available materials./

However, it will not be possible to make prices parametric in all segments of the market in the nearest future. Therefore, unlike the draft of limiting wages, /the proposals aimed at a certain limitation of price growth are correct. They are included in the draft changes of the law on prices, and we should go along with them./ This is the case primarily with the opportunity to periodically establish maximum rates for the growth of contract and regulated prices and the duty of an economic unit (seller) to inform the fiscal office on the price rises imposed as well as the reasons for them. The same applies to other modifications (giving the minister of finance the option to apply subsidies or reductions of official and regulated prices).

It should be noted, however, that the device of a maximum rate [of increase] of contract prices has already been introduced in the law on prices and has not yielded perceptible results. Extending it to regulated prices will not change much, because the extent of their use is not that great. Therefore, this does not resolve the issue of making prices semi-parametric with regard to given products or given segments of the market.

I believe that /meaningful solutions to this problem should be sought elsewhere./ At present, inflation is primarily cost-induced, and /opportunities to arrest the trend of price growth should be sought primarily in the relative reduction of costs./ We should put in place aggressively vigorous incentives encouraging and forcing relative cost reductions. In its turn, this issue is closely tied to the role of profit.

It appears to be obvious that the system of profit accounting of enterprises is in need of an overhaul. I have already pointed out the directions for it,

so I will recount them very briefly (Footnote 1) (See M. Mieszczankowski, "Treasury and Enterprise Finances", ZYCIE GOSPODARCZE, 1986, No 32 and No 33):

- Making financial results objective should provide the point of departure (i.e. tying the level and rate of its growth to the level and rate of growth of sales and the producer cost of products sold).

- Profit for distribution (net profit) should be tied strictly to the financial result, stabilizing at the same time the guidelines for calculating and increasing the profit; the average profit margin should fluctuate close to the rate of growth of the financial result.

- The coercive power of the pro-efficiency impact of the tax on profit should be enhanced. To this end, it would be advisable to accept a principle according to which the enterprise does not qualify for preferences if the ratio of costs to sales does not change; in case the share of costs in sales goes up, the rate of tax on profit is increased (by, for example, the number of percentage points this share has grown).

- The power of the pro-efficiency impact of the tax on profit would also call for modifications in automatic grants of systemic preferences by virtue of export.

Accepting these or similar arrangements could amount to a major change in this field. Complementary to this should be the proposal to withhold reductions in the tax on profit in cases when the tax on the increment of wages claims more than 25 percent of the profit for distribution (or withholding subsidies up to the amount equal to the tax due).

Increasing the role of profit should also be expressed through the mandatory linkage of a segment of bonuses for management cadres with the results achieved in gross and net profit and with results in reducing the costs. In this process, quantifiable results of reducing the cost of materials should be applied to all employees of the operations group.

/The issue of reinforcing the role of profit and aggressively compelling all elements of the enterprise, persons in all positions to take interest in the cost factor is one of the key problems on which the success of the second stage of reform hinges./ (Of course, this is not to diminish the significance of investment in modernization, other actions aimed at saving materials and energy, and processes of restructuring in general, which may bring about the ultimate turnaround in this field.)

/The reform of organizational structures/ is yet another key problem I would like to touch on.

A demonopolization of the economy, enriching the array of such structures by various other units, appears to be a necessary element of transition to the second stage of the reform (proposals in this matter have been repeatedly made in the press). In view of that and of negligible progress in this field (or even manifestations of a retrogression: setting up the MEGAT is the case in point), /we should entirely subscribe to the opinions rejecting the draft of

depriving employee councils of the right to decide on splitting up or merging enterprises. This, after all, would eliminate the last barriers in the way of a trend towards greater monopolization in the economy./

The same applies to draft regulations on transforming enterprises into partnerships (groups) and eliminating employee self-government in the process; the draft of these regulations in its present form is unacceptable. In general, consideration of its new version should wait until the anti-monopoly law is passed. (It almost smacks of a scandal that after several years it still has not been finalized).

On this occasion, *ceterum censeo*: the MEGAT should be dissolved.

#### Final Remarks

I have touched only a few of the most significant issues in the context of rejoinders already made to the draft changes of the 11 laws in the forum of the Sejm, the PRON and conferences of self-government representatives. Whether or not certain rational elements can be sifted out of the package of drafts was considered in the PRON forum. While not ignoring this possibility, the emphasis understandably was for the greater part on their critical analysis. The draft was acknowledged to be not only erroneous, but downright harmful. (Footnote 2) (See "The PRON Forum on Draft Changes in 11 Laws", *ZYCIE GOSPODARCZE*, 1986, No 46.) The less emotional nature of the present remarks has made it possible to point out, *sine ira et studio*, some of these rational elements. I would like to add that there are more of them. However, /in its entirety the draft of changes in these laws contains so many provisions which basically do not comply with the logic of our reform, are dominated by proposals running counter to the concept of reform and its basic acts, that the entire package of proposals should be withdrawn from the Sejm and submitted for review and revision to the Commission on Economic Reform and its individual teams. The rising tide of popular criticism will certainly compel that./ After the new version is adequately prepared and adopted by a plenum of the commission, it should be submitted for consultation to the aforementioned social organs, in keeping with the accepted custom. (The argument of time pressure cannot serve as a counterindication for this procedure. These matters are too weighty to be resolved hastily. This, of course, would not amount to postponing them, assuming that they will be prepared much more quickly than the national socio-economic plan anyway. The latter still has not been adopted, despite the endorsement of a plan for the 2nd year of the "5-year plan".)

It should be stressed that we should consider what to work out and adopt first, as the most urgent, what to consider as a second priority, or what can wait until the anti-monopoly law is passed. Besides, which is also very important, /we should consider which other matters should be worked on and prepared for passage in conjunction with the transition to the second stage of the reform./

Apart from its inadequacies, the draft of changes in the 11 laws involved only a segment of issues which should be resolved in implementing the second stage of the reform, and not necessarily the most important or significant ones.

(As I have noted, these problems and general directions for solving them have already been pointed out). Therefore, we should start working on them as soon as possible. All of this should become the priority agenda of the Commission on Economic Reform. Unfortunately, along with the Planning Commission taking over its secretariat, the activities of the commission have been practically suspended.

9761

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## MODERNIZATION OF TRADE, SERVICE COOPERATIVES

Bucharest COMERTUL MODERN in Romanian No 5, Sep-Oct 86 pp 15-17

[Article by Professor Dr. Nicolae Lisandru: "Objectives in the Development and Modernization of Cooperative Trade"]

[Text] During the socialist period, in keeping with the increases in the production and the people's incomes, the cooperative trade--the only commercial system existing in the rural environment--has been continuously developed, shaped, and modernized, and has become integrated in the great political, economic, social, and cultural changes that have affected, and in some respects still affect, the Romanian village. No less important is the fact that, in parallel with the increasing commercialization of the consumption of the peasant masses--as a result of which they rely more and more on market relations--hundreds of thousands of workers (teachers, physicians, agricultural engineers, tractor drivers, mechanics, etc.) are now employed in the rural environment, and their lifestyle, requirements, etc., are very close to the urban ones; also, the number of this category of workers is continuously increasing. The production, purchases and sales cooperative [PPSC], which supplies over 12 million people in approximately 12,050 localities (communes, towns, workers centers, etc.) and incorporates close to 8 million cooperative members, is the second commercial system in our country, holding about 43 percent of the units, 34.5 percent of the commercial area, and about 20-21 percent of the total volume of the socialist trade turnover. By the end of 1985, the PPSC had about 24,650 retail outlets, about 11,100 public catering units, and about 37,200 production and consumer service units (small scale production), and its growth prospects are rising.

In 1985 the sales volume increased by about 21 percent in comparison with 1986, while the volume of small scale production (various types of furniture, knitwear, textiles, sugar products, soft drinks, etc.) increased by about 68 percent, thus ensuring appropriate supplies of goods and services for the rural population. The volume of sugar products delivered to market stocks trebled, that of leather footwear doubled, that of knitwear more than doubled, and so forth.

In the wake of the development and diversification of goods turnover in the rural environment, the cooperative network was also continuously diversified and modernized in keeping with the ratio that must be preserved between the

growth and structure of sales on the one hand, and the growth, structure, and modernization of the commercial network on the other. The modern commercial trend to organize and open large commercial units carrying a wide variety of goods and featuring rapid sales methods--according to the principles of "everything under one roof"--has been materializing in the shape of many department stores, supermarkets, commercial and service complexes, and medium-size mixed stores in economically strong localities which permit a higher economic and social efficiency (for example in the Sibiu, Teleorman, Bistrita-Nasaud, Olt, Vrancea, Maramures, and other counties). The effect of this trend was that the average size of cooperative units increased to about 98 square meters, while the annual average sales volume increased to about 16,000-17,000 lei per square meter of commercial area as a result of the concentration of demand, intensive utilization of commercial space, and sales promotions. The average annual sales volume per salesperson increased to about 612,000 lei under the impact of the continuous expansion of modern sales methods.

By the end of 1985 there were approximately 2,160 supermarkets, department stores, and commercial complexes in the rural environment, and their number is on the rise. In keeping with demand, in 1986 there are plans to build and open approximately 250 commercial and public catering units, located both in individual buildings and on the ground floor of new apartment houses, as is the case, for example, in counties Bacau and Calarasi, and the Ilfov agricultural sector.

In the public catering sector special attention was paid to increasing and diversifying the production of precooked and semicooked foods, including carry-out foods, the volume of which is planned to double by 1990, with a view to ensuring satisfactory consumer supplies. In order to attain this objective, catering units such as self-service restaurants, cafeterias, cafes, pastry bakeries, etc., must be organized and opened as soon as possible. In order to supplement the produce required for preparing food, many annex farms (piggeries, chicken farms, etc.) have been organized in the proximity of cooperative organizations, including public catering units (hotels and restaurants), to supply various foodstuffs at lower costs and fresher, thus contributing to promoting sales and enhancing economic efficiency. It is estimated that by the end of this year, the annex-farms will produce and deliver to public catering units about 50,000 pigs, 400,000 fowl, and so forth. Greater attention should be paid to increasing the production of precooked, ready to eat, and dietetic foods, improving the necessary means of conveying the precooked and semicooked foods to the various units or directly to the consumers, and to the production and marketing of refrigerated and frozen foods that make housekeeping chores easier.

Within the general context of the contemporary scientific-technical revolution and modernization, the turnover of a growing volume of goods and the need to improve service quality have led to the expanded and improved implementation of modern and rapid sales methods and new technologies that increase productivity and promote sales on the basis of direct consumer access to and selection of wares. Currently, the PPSC has approximately 2,000 self-service commercial and catering units, about 8,000 open display commercial units, and many mobile units which sell various wares, particularly at fairs and markets, the number of which will be increased within the cooperative network. Although

here and there certain local decisionmaking factors (managers) have reservations about the need to expand modern forms of marketing (because of the risks involved), nevertheless, compared to the traditional counter selling, self-service and open display contribute to promoting the volume of sales per square meter of commercial space, to raising labor productivity, reducing shopping time, increasing the average returns per sale, and increasing the profitability of commercial units.

One of the current and future components of modern technology which simplifies, streamlines, and lowers the operating cost of many stores and of the entire movement and marketing of goods (from the factory to the store), is the sale of goods directly out of containers, pallets, crates, etc. (canned goods, bottled drinks, rice, detergents, household appliances, etc.). The sale at larger cooperative stores of an increased range of goods directly out of containers or pallets eliminates single product handling, reduces the number of personnel required and the consumption of packaging material, and permits a better preservation of the wares.

One of the PPSC activities that has yielded good results is the mail trade introduced by CENTROCOOP's enterprise Universalcoop in Bucharest. Upon customers' written request and payment, Universalcoop ships out a large variety of non-food products, articles of clothing and footwear, bed and table linen, artifacts, spare parts for appliances (sewing machines, refrigerators, etc.), agricultural and gardening tools, books, etc., thus permitting buyers in small and remote localities to save transportation expenses and time.

Equally positive for the national economy and for ensuring appropriate consumer supplies is the purchase by cooperative organizations of agricultural produce and foodstuffs from the rural population, with a view to supplying raw materials for production, providing foodstuffs for the cities, and exports (products such as eggs, honey, vegetables, fruit, medicinal plants, etc.). By the end of 1985 the volume of agricultural and foodstuff purchases made by the PPSC was about 122 percent compared to 1980, and this trend is rising in keeping with the socioeconomic conditions and the growing requirements of the national economy. In order to encourage small agricultural producers to sell increasing quantities of produce and foodstuffs, the cooperative organizations provide them with an increasing volume and a wide selection of non-food and food products such as construction materials, agricultural implements, television sets, freezers, etc.

Simultaneously with the purchase and marketing of goods, the cooperative organizations also carry out intensive production and service activities, especially for the rural population. At the beginning of 1986 the production and consumer service network had about 37,200 units; in the previous 5-year plan their share of the total volume of economic activities increased from about 16 percent to approximately 22-25 percent in 1986, while the volume of economic activities increased by about 63 percent. Per capita services in the rural environment almost doubled, and are planned to further rapidly develop. Most in demand and most representative of the small-scale industry are the units producing bricks and ceramic blocks, ceramic household wares, beech barrels, household and commercial furniture, knitwear, textiles, footwear, bread, tomato paste, soft drinks, vinegar, etc., and for services: laundries,



chemical cleaners, barbers and hairdressers, horse carting, various repairs, etc. Calculated for the entire industrial commodity output, labor productivity increased by the end of 1985 by about 39 percent, as compared to 1980, and is in the process of further rising.

The quality of the management and administration of the cooperative units is reflected, in the last analysis, in the overall profits and the rate of economic efficiency achieved, the size of which has a positive impact on increasing the socioeconomic development fund, developing and modernizing the activities of the cooperative organizations themselves, ensuring good consumer supplies and services, and essentially improving the quality of life. These two indexes, the first taken in absolute terms and the second in relative terms, in 1985 increased by about 40 percent and over 12 percent respectively over the preceding 5-year plan, something that constitutes an important contribution to the socioeconomic development and modernization of the country and to ensuring good consumer supplies and services. The higher quality of management and operative activities, i.e., of self-management and self-administration, is also reflected in the fact that the own funds of the cooperative organizations increased, by the end of the previous 5-year plan, by about 49 percent compared to 1980, while the number of self-financed cooperatives increased from 645 to about 1,110, i.e., by about 72 percent--almost 40 percent of the total number of PPSCs. The further growth of the cooperatives' own funds and reduction of state credits to a minimum through scientific stock management, cost savings, and sales promotions will contribute to enhancing the socioeconomic efficiency of the cooperative units and to obtaining higher profits, which are the main resource and factor, the cause and effect of modernization and of rapid economic growth.

The rapid development and continuous diversification of the small scale industry, which is planned to increase by about 43-49 percent in 1990 as compared to 1986, and, during the same period, sales increases of about 9-10 percent and an approximately 80 percent increase in consumer services, in combination with a 6-8 percent increase in the average real wage and in the real incomes of the peasantry, and the gradual introduction of the 44-42 hour working week by 1990, as envisaged by the single national plan of socioeconomic development, provide a scientific framework-program for the cooperative organizations, the optimal implementation of which requires the mobilization of the entire material, human, and financial resources of each unit with a view to minimizing costs (efforts) and maximizing results (effects). The further optimization of cooperative activities, which are becoming increasingly more dynamic and complex, requires a scientific approach to the informational and decisionmaking systems, a faster modernization of technical-material resources and commercial technology, expanding and improving modern marketing methods, scientific stock management, eliminating (unjustified) intermediary links in goods movement, reduced expenditures (costs), increasing the units' own funds, and promoting sales, in parallel with raising the quality of consumer services.

12782

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## LIMITED SUCCESS OF BANKS IN APPLYING FX LAW

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 5 Dec 86 p 3

[Article by S. Jankovic: "Detours Around the Foreign Exchange Market: Who Is 'Fooling' Whom?"]

[Text] According to a report of the the National Bank of Yugoslavia, between 1 January and 22 October \$518 million were exchanged among members, that is, among associated banks, at the Interbank Meeting of the Unified Foreign Exchange Market. That is 15 percent of total current international payments over the period under consideration, a figure which has given quite a bit of satisfaction to many people. After all, although the percentage is not very high, it still means a great deal, as is most frequently explained, since for the first time in six years at least a significant amount of foreign currency has gone from bank to bank through regular channels, that is, through the foreign exchange market.

At the last meeting of the Committee for Foreign Economic Relations of the Chamber of Republics and Provinces of the SFRY Assembly this satisfaction was contested. Tahir Kadriu, Macedonian delegate, called attention to the fact that in the previous period used as the basis of comparison for this year's result an altogether distorted foreign-exchange system was operative, one which actually dictated the situation in which not a single dollar exchanged hands on the foreign-exchange market. This year, he stressed, a new system is in effect which was adopted with the precise aim of channeling the foreign currencies earned onto the Unified Foreign-Exchange Market so that they would be purchased with prior right by those, to put it simply, who have been exporting a great deal or who have the highest growth rate of exports. But what is actually happening? Of all the foreign exchange brought into the country and which should have found its way to the market, only 15 percent has reached it.

How little this is is best indicated by the figure that the export trend has been dropping off steadily and that in an extremely optimistic and best case we can expect foreign sales this year to reach last year's level.

There is good reason, then, to ask: what is the point of behavior which leads

to such 'meager' results? Yet another detail is revealed by the size of the share of the authorized banks in finding detours around the foreign-exchange market.

Branko Dragas M.A., assistant governor of the National Bank of Yugoslavia, announced in the issue of PRIVREDNI PREGLED for 4-6 Oct that according to the analyses of an audit in the bank done subsequently, that authorized banks at that time had about \$600 million of unrealized demands for payment abroad. Everything is just as it should be from the standpoint of the foreign-trade and foreign-exchange systems, but they do not fit into the quotas of those banks, and therefore they were left on the waiting list, which is not in conformity with the system of foreign economic relations which is in effect. When we bear in mind that just these past few days the debates of the report of the Federal Executive Council on enforcement of the Law on Foreign Exchange Transactions in the portion of the year that has passed so far contained frequent general assessments to the effect that the plans for the inflow and outflow of foreign exchange of the authorized banks and their foreign-exchange positions are in practice very close to the exchange-balance positions in the past and against which charges were levelled, it becomes clear why those quotas were resorted to. At the same time we also see why there is never sufficient supply on the foreign-exchange market. After all, these balances have for years been the established method of keeping the foreign-exchange position below the customary minimum. Also, it is said, even when the banks show a situation above the minimum, it is a frequent occurrence for them to refuse to sell foreign exchange at the Interbank Meeting of the country's Unified Foreign Exchange Market.

Audits have in general shown that almost all the methods and mechanisms known previously and used to avoid setting aside a portion of the inflow of foreign exchange for the general needs of society have been used this year. This year the purpose was to avoid entries against the right to import and make payments as well as the order of priority in making payments pursuant to Article 110 of the Law, which has been in effect all the while.

Let us single out here just one method of abuse, since it is sufficiently illustrative of the behavior of the authorized banks, but also of associated labor, which does its business abroad through them. In order to evade obligations under Article 129 of the Law on Foreign Exchange Transactions, use is made of the provision of Article 55 of the Law, so that imports are paid for in dinars (as a rule through Yugoslav firms abroad) and collection is made for exports in dinars, so that in actuality goods or services have been sold to foreign trading partners for foreign exchange which remains abroad.

But it is not just deceptions which have concealed that the gap between the supply and demand on the foreign-exchange market has not diminished over a period of eleven months. This is certainly the case, above all because the provisions of the Law whereby total rights to import and make payments are to be adjusted according to actual imports have not been enforced. Thus on the one hand payments based on already established and computed rights to make

payment have been postponed, while on the other hand those rights have not been adjusted to actual exports. This certainly has only deepened the disequilibrium on the foreign exchange market, and the figures on the trend of exports in the remainder of the year will show where this that has been leading.

7045

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## FINANCIAL STATEMENTS OF ECONOMY CALLED UNREALISTIC

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 4 Dec 86 p 5

[Article by D. Brdar]

[Text] The economy's 3rd-quarter statement covering the period January-September shows a further deepening of the basic problems in the conduct of economic activity. Business success as indicated by the high nominal growth of gross income is unrealistic; losses have grown immensely; the redistribution detrimental to the economy as a whole and individual branches and regions and also detrimental to the future is continuing. The economy has gone further into debt, and at the same time it's ability to finance itself has been diminished.

Financial results which have just been published by the Social Accounting Service of Yugoslavia are unrealistic, above all because of the high growth of prices and inflation. Gross income for the first nine months amounted to 45,272 billion dinars and was up 80.6 percent over the same period of last year. This is nine index points higher than the rise of producer prices, which means gross income really did grow by the amount. This result was affected mostly by the rise of prices, but symbolically by the augmented volume of output and sales.

In the breakdown of gross income the largest share, 74.1 percent, was represented by the inflow from the domestic market, and together with the income realized from joint revenues and joint income on the domestic market, this share was 84.4 percent. Income realized on the foreign market dropped in the breakdown of gross income from 10 percent in 1985 to 8.6 percent in the first nine months of this year. This type of income increased in absolute terms by 55.3 percent over the same period of last year, but it recorded a 28.4 index-point slower growth than the inflow realized from domestic sales. The income from interest rose 17.4 percent over this period. Its share in gross income is only 2.5 percent and is up 0.4 points over the same period of last year.

The example of individual branches in which output dropped or increased minimally, while gross income increased considerably in relative terms, also shows that the growth of gross income as a whole was strongly influenced by prices and inflation: in shipbuilding output was down 6.5 percent, but gross

income was up 40.1 percent; in the processing of nonferrous metals output was down 1.9 percent, prices rose 63.4 percent, and gross income was up 63.2 percent; in paper production and processing production rose 3 percent, prices 91.9 percent, and gross income 86.1 percent.

In this period the economy had costs amounting to a total of 36,421.8 billion dinars, or 76.2 percent more than last year. In the breakdown of costs depreciation showed the highest growth rate -- 80 percent over the same period of last year. This was influenced by the partial expensing of the exchange-rate differences related to credits on fixed assets and the revaluation of fixed assets.

In absolute terms interest on credit was up 109.7 percent, but it showed a somewhat slower growth than in the earlier period. This slight slowing down is partly the result of the lower rates and partly of the lower pace of borrowing and the expensing of those credits for working capital covering inventories in agriculture and other activities in which the production cycle lasts two calendar years.

Negative exchange-rate differences were up 22.4 percent in the first nine months of last year. This is quite a bit slower than in earlier years, but it is exclusively the consequence of legislative changes which extend the period the period for coverage of differences from 10 to 15 years.

The effects of the revaluation of raw materials and supplies contained in inventories, work in process and finished products amount to 208.6 billion dinars, which is more than 45.8 percent higher than for the same period of last year. In the cost structure these resources have a share of only 0.6 percent. The total results of revaluation, when revaluation of raw materials and expendables included in inventories are included, amount to 648.3 billion dinars and were up 61.8 percent.

Costs of advertising and public relations showed an exceptionally high rate of growth of 147.2 percent; costs of entertainment 123.9 percent, per diems for official travel and compensation for travel expenses on business trips 95.6 percent, and expenditures for workers' meals 123.9 percent. This growth was mostly influenced by the rise of prices, but also by uneconomical and inefficient disposition of resources.

As stated in the report of the Social Accounting Service, the primary distribution that took place indicates a positive trend toward higher economic efficiency, since gross income did increase faster than costs. This was also reflected in more rapid growth of income in absolute terms, which was 99.8 percent over the same period of last year.

7045

CSO: 2800/86

## ORGANIZATIONAL CHARTER OF MILITARY, INTERNAL SECURITY R&amp;D UNITS

Warsaw DZIENNIK USTAW in Polish No 27, 29 Jul 86 item 132 pp 391-393

["Executive Order of the Council of Ministers, dated 10 July 1986, on Research and Development Units Under the Supervision of the Minister of National Defense and the Minister of Internal Security"]

[Text] Pursuant to article 76, paragraph 1 of the law of 25 July 1985 on research and development units (DZIENNIK USTAW No 36, item 170) the following is ordered:

## Chapter 1

## Research and Development Units Under the Supervision of the Minister of National Defense

Article 1.1. Military research institutes, military research and development centers and other organizational units reporting to the minister of national defense, the basic task of which is to carry out scientific work, research and development, are the research and development units under the supervision of the minister of national defense, henceforth referred to as "military R&D units."

2. Military R&D units qualify as R&D units in the meaning of the law of 25 July 1985 on research and development units (DZIENNIK USTAW No 36, item 170), henceforth referred to as "the law", and simultaneously as military units.

3. Provisions of the law apply to military R&D units as amended by the present executive order.

4. The tasks and operations of military R&D units in their capacity of military units are set forth in other regulations concerning the armed forces of the PRP.

Article 2.1. In performing the tasks outlined in article 2 of the law, military R&D units take into account the defense needs of the state, especially the armed forces of the PRP, and in publishing the results of research and development work - the requirements of regulations on protecting secrets in the armed forces of the PRP.

2. In performing the tasks referred to in paragraph 1, military R&D units cooperate with:

- 1) other R&D units,
- 2) higher schools,
- 3) scientific facilities of the Polish Academy of Sciences,
- 4) headquarters offices of the Ministry of National Defense and other military units,
- 5) state enterprises reporting to the minister of national defense,
- 6) health service facilities,
- 7) other units of the socialized sector -

- in developing science, promoting technical progress and culture, especially in scientific disciplines of practical importance for the defense capability of the state and especially the operations of the armed forces of the PRP.

3. Provisions of article 1, paragraph 3, article 4, paragraphs 1, 3 and 4 and article 5 of the law do not apply.

Article 3.1. Military R&D units are created, merged, divided, reorganized and shut down by the minister of national defense in accordance with procedures envisaged for the formation, reformation and liquidation of military units.

2. The minister of national defense can delegate direct supervision of a military R&D unit to his subordinate military organ.

3. Provisions of articles 6 through 9, 30, paragraphs 3 and 4 and article 31 of the law do not apply.

Article 4. The act on creating a military R&D unit specifies the subject and scope of its operations, its name and location, and the organ directly supervising the unit.

Article 5.1. Specific subject and scope of operations of a military R&D unit and its schedule of organization are set forth in a charter adopted by the minister of national defense.

2. Specific organizational structure, in accordance with the provisions of the charter and within the confines of allocated remuneration [funds] and the procedure for operations of the military R&D unit are set forth in the statute introduced by its commanding officer.

Article 6. The commanding officer acting as the director of the unit, the scientific council and other organs specified in the charter of the unit are the organs of the military R&D unit.

Article 7.1. The commanding officer of the military R&D unit manages the entirety of its operations and is at the same time the commander of the military unit.

2. The tasks and mode of operations of the commanding officer in the field of managing a military R&D unit are set forth in its charter and in his capacity



of commander of a military unit - in other regulations concerning the armed forces of the PRP.

3. The commanding officer of a military R&D unit carries out the tasks referred to in paragraph 2 with the help of his deputies and other subordinate organs. The commanding officer and his deputies are nominated by the minister of national defense.

4. Career officers meeting the requirements set forth in article 18, paragraph 3 and article 20, paragraph 3 are nominated to the posts of the commanding officer and his deputy for scientific affairs.

5. The minister of national defense determines the key positions in military R&D units, service in which is identical with holding the title of full or assistant professor.

Article 8.1. The scientific council is a consultative and evaluating organ of the military R&D unit, and specifically of the commanding officer of the unit, with regard to scientific activities, the course of research and development and in matters of development of scientific, research and technical cadres.

2. Participation of the scientific council in awarding academic degrees and titles is governed by the regulations on academic degrees and titles.

3. The following can be nominated to serve on the scientific council:

- 1) from among career officers and employees of a military R&D unit - persons with an academic title or Ph.D. degree and persons occupying the post of professor or assistant professor, as well as other persons in research and technical positions who have made a significant creative contribution,
- 2) from outside the military R&D unit - persons with an academic title or Ph.D. degree and persons distinguished by considerable knowledge and practical achievements in the field of operations of the unit.

4. The chairman of the scientific council and its members are nominated and recalled by the minister of national defense at the request of the commanding officer of a military R&D unit. The chairman and members of the scientific council are nominated for a term of 5 years. In particular justified cases, a member of the scientific council may be recalled before the end of his term.

5. Deputy chairmen are elected by a secret ballot by the scientific council.

6. Only a person having the title of professor or assistant professor or a Ph.D. degree can be a chairman or deputy chairman.

7. The post of chairman of the scientific council cannot be held by the commanding officer or his deputy.

8. Members of the scientific council having no degree or academic title cannot comprise more than 25 percent of total membership.

9. Operating procedures of the scientific council are set forth in the by-laws adopted by a two-thirds majority of the council membership.

10. The following take part in the meetings of the scientific council:

- 1) commanding officer of the military R&D unit and his deputy for scientific affairs as voting members,
- 2) other deputies of the commanding officer,
- 3) officers referred to in article 9,
- 4) with the consent of the commanding officer:
  - a) representatives of parties and scientific and technical associations,
  - b) chairman of the workers council,
  - c) persons invited by the chairman of the council.

11. Provisions of article 17, points 3 and 4, article 18, paragraphs 2 and 6, article 19 and 20, paragraphs 1 and 2, articles 21 and 22, paragraph 2, points 1 and 8 and articles 23 through 29 of the law do not apply.

Article 9.1. In military R&D units, officers holding the rank of general (or equivalent), who are not professors or assistant professors are also entitled to hold:

- 1) management positions,
- 2) positions of full or associate professors of military science.

2. Officers referred to in paragraph 1 are entitled to be members in the collegiate organs of military R&D units with the right to vote on all matters of military science.

Article 10.1. Operations of military R&D facilities are financed along the guidelines set forth in the executive order of the Council of Ministers on specific guidelines of financial management of R&D units, issued pursuant to article 15 of the law.

2. Operations of R&D units in their capacity of military units are financed from the budget of the Ministry of Defense along the guidelines set for military budget units (economic detachments).

3. Military materiel not subject to inclusion into the standard issue roster may be furnished to the military R&D unit. The guidelines for managing this materiel are set in other regulations.

4. Provisions of article 10, paragraphs 1 and 2 and article 11, paragraphs 3 and 4 of the law do not apply.

Article 11. Provisions of article 10 do not apply to the military R&D units which manage their finances on the basis of the budget law, pursuant to article 16, paragraph 1 of the law.

Article 12. Military R&D units, with the exception of those referred to in article 11, are entitled to the authority, preferences and tax reductions

envisaged for the units having the status of R&D units of the armament industry.

Article 13. Labor contract with a nominated research fellow of a military R&D unit is cancelled with a 3-month notice in cases envisaged by article 40 of the law, as well as in cases of the loss of ability to work in the organizational units reporting to the minister of national defense, caused by the cancellation through the proper procedure of the clearance to have access to information constituting a state secret.

## Chapter 2

### Research and Development Units Under the Supervision of the Minister of Internal Security

Article 14.1. Provisions of the present executive order apply accordingly to the R&D units supervised by the minister of internal security, provided that:

- 1) research institutes and research and development centers with activities in the field of protecting the security of the state and public order are simultaneously the organizational units reporting to the minister of internal security, and research and development units of firefighting - also the units of fire protection in the meaning of the law of 12 June 1975 on fire protection (DZIENNIK USTAW, No 20, item 106),
  - 2) In carrying out the tasks set forth in article 2 of the law, research and development units referred to in point 1 take into account the needs of protecting the security of the state and public order as well as fire protection, and in disseminating the results of scientific research and development work - the requirements following from the regulations on protecting state and service secrets,
  - 3) the minister of internal security can delegate direct supervision of the R&D units referred to in point 1 to his subordinate organ,
2. Whenever the present executive order makes reference to the authority of:
- 1) the minister of national defense - the authority of the minister of internal security with regard to the R&D units supervised by him should also be meant,
  - 2) commanding officer of a military R&D unit - the authority of the director of an R&D unit supervised by the minister of internal security should also be meant.

## Chapter 3

### Provisional and Final Regulations

Article 15.1. Military scientific and research institutes and other military R&D units which are not institutes, operating to date pursuant to the provisions of resolution No 105 of the Council of Ministers of 28 April 1965

on organization and operation of military scientific and research institutes reporting to the minister of national defense, as well as R&D units supervised by the minister of internal security become R&D units in the meaning of the law on the date the present executive order takes effect.

2. Provisions of articles 63 through 66 and 68 of the law do not apply.

Article 16. The executive order takes effect on the date of publication.

Chairman of the Council of Ministers: Z. Messner

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## WEAR-PRONE AIRCRAFT ENGINE BEARINGS POSE SAFETY THREAT

Warsaw PRZEGLAD WOJSK LOTNICZYCH I OBRONY POWIETRZNEJ KRAJU in Polish No 10, Oct 86 pp 52-57

[Article by Maj Engr Mieczyslaw Piglas: "Damage to the Crankshaft Bearing of ASH-62IR Engine Is Dangerous"]

[Excerpts] Over the last 2 years, failures of crankshaft bearings have occurred several times during the operation of ASH-62IR engines. Damage to this important part of a piston engine always poses a considerable safety threat to flights. Products of friction generated during the failure of the bearing and fragments of damaged parts initiate the process of scuffing in other frictional couples of the engine, among other things, pistons in cylinders and bearings of grip crankshafts. As follows from experience to date, this process develops relatively fast, over as few as several or a dozen minutes. Spontaneous shutdown of an engine, necessitating an emergency landing of the aircraft, may be the end result. Such a failure endangers personnel on board the aircraft and leads to a considerable financial loss associated with repairs of the engine and, frequently, the aircraft itself. Occasionally, damage to the engine is such that repairs may not be cost-efficient.

These considerations call for acquainting the personnel of the flight engineers' service operating the piston engines with characteristic manifestations of such damage and with the way to analyze the factors which may influence its occurrence. This also calls for recounting the guidelines for operations, using which will make it possible to increase the reliability of these engines.

#### Signs of Damage

Damage to the crankshaft is accompanied by certain characteristic signs of irregular operation of the engine. In order to present them better, we should use descriptions of circumstances in the cases when such signs were detected.

- Upon takeoff of the aircraft and transition to level flight at an altitude of 200 meters, chief flight engineer of the aircraft registered a rapid increase in the temperature of oil to about 100 degrees C (373 K) and a drop in its pressure to 3 kg/cm<sup>2</sup> (0.3 MPa). The commander decided to land

immediately at the airfield of departure. After the screen of the oil cooler was completely opened, the oil temperature first dropped to about 75 degrees C (345 K), and then began to increase rapidly with a simultaneous drop in pressure. A considerable drop in the power output of the engine was registered. At the time of landing, the oil temperature already had reached 135 degrees C (408 K), and oil pressure dropped to 1 kg/cm<sup>2</sup> (0.1 MPa). During the 11-minute flight, the engine used about 10 liters of oil. Bronze filings were found on the MFM-25 and speed governor filters.

- Seven minutes into the flight, the chief flight engineer noticed that a light indicating filings in the oil was on. At the same time, he registered a gradual increase in the temperature of oil and cylinder heads, and a drop in the power output of the engine. The commander decided to land immediately. Oil pressure dropped to 0.1 MPa. Despite opening the screens, the temperature of the heads grew to 220 degrees C (493 K). Upon landing, the crew shut the engine down. A commission establishing the cause of damage to the engine found that metal filings appeared on all filters of the oil system and that the engine was jammed (it was impossible to windmill the propeller).

- During the first test after mounting the engine on the fuselage, 9 minutes into operation at a rotational speed of 1,400 RPM, oil pressure dropped from 5.5 kg/cm<sup>2</sup> (0.54 MPa) to 2.5 kg/cm<sup>2</sup>. After a momentary reduction of rotational speed of the engine and a subsequent return to the previous regime, oil pressure increased to 4.8 kg/cm<sup>2</sup> (0.47 MPa), following which a light indicating the presence of filings in oil came on. Oil temperature increased meanwhile from 45 degrees C (318 K) to 60 degrees C (333 K). The engine was shut down.

We may note certain features common for this occurrence in the above descriptions of three cases of damage to the crankshaft bearing registered to date:

- the temperature of oil increases while its pressure drops,
- signal registering the appearance of filings in oil comes on,
- power output of the engine drops.

The duration of this process, from the time of the first signs of damage to the bearing to the time the engine jams (its total immobilization) is short, from several to a dozen minutes. Therefore, once these signs of damage to the engine become apparent in flight, emergency landing should be considered. The moment this type of damage occurs may also be symptomatic. In the first two cases, damage occurred shortly after takeoff of the aircraft, that is to say with engine working in the take-off regime. This entails great pressure in the working segment of the bearing shell, growing frictional forces in the bearing and, therefore, intense heating of a thin coat of bearing alloy. A load of this magnitude may cause a snowballing process of scuffing of the bearing shell and the pin, if this assembly has been partially damaged or weakened in the previous operation of the engine (e.g. during the last flight).

Damage to the bearing of the foot of the main crankshaft may be caused by:

- excessive load in the operation of the bearing, due to hydraulic impact in the cylinders, knocking combustion or protracted operation of the engine in the take-off regime; irregular lubrication due to the use of inadequate oil (with physical and chemical properties deviating from the standard), low pressure of oil entering the bearing (loss of sealing in the oil passage, damage to the pressure-reducing valve, excessive pollution of the MFМ-25 edge filter), a small amount or lack of oil in the system;
- lubrication by dirty oil;
- assembly mistakes, resulting from, for example, the failure to fit the bearing properly.

It follows from research on the damaged engines to date that determining the cause is very difficult and occasionally altogether impossible if there are no obvious facts indicating unambiguously the cause of damage to the bearing. The situation is further complicated by considerable destruction of the bearing registered in all cases. Also, it should be borne in mind that several, or even all, of the above factors may be responsible for the damage (to a different degree).

#### Preventing Damage to the Crankshaft Bearing

Many conclusions can be drawn from the above description of the process of damaging the crankshaft bearing. Complying with recommendations in operations may prevent this engine failure, which is a considerable safety threat. Therefore, we should do the following:

- comply with purity standards when filling the engine with oil (introduce pure oil with required physical and chemical properties to the oil system);
- comply with the guidelines, the application of which rules out a possibility of hydraulic shock (pull the propeller through before starting the engine) or knocking combustion (proper adjustment of the carburetor, proper gasoline);
- after starting the engine, refrain from manipulating the propeller pitch lever, in order not to reduce the amount of oil entering the bearing;
- see whether oil pressure increases to a level higher than  $3 \text{ kg/cm}^2$  (0.3 MPa) within 10 to 15 seconds after the engine is started; if pressure is less than that, the engine should be shut down and restarted only after the cause of the damage has been established and the breakdown repaired,
- test the engine only after it has been warmed up, when oil temperature at pump intake is at least 50 degrees C (323 K) and cylinder heads temperature is at least 120 degrees C (323 K);
- do not exceed the acceptable time of engine operation in the take-off regime.

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## FRG WEEKLY NOTES SED PRESSURE ON CHURCH

Hamburg DER SPIEGEL in German Vol 40 No 50, 8 Dec 86 pp 57, 60

[Unattributed article: "Throne and Altar--Protestants in the GDR Are Quarreling About the Relationship Between Church and State"]

[Text] When Erich Honecker received the emissaries of the official GDR peace movement on the occasion of World Peace Day on 1 September, the delegation also included representatives of the Protestant church: Rainer Gaebler, the president of the synod of the League of Protestant Churches in the GDR and Christa Lewek, a senior church councillor.

One day later, the party newspaper NEUES DEUTSCHLAND carried a lengthy report on the meeting held at the council of state building in East Berlin. The tenor of the article was that the SED-controlled Peace Council had reaffirmed its "commitment to peace and socialism" at the meeting.

Since that time, there has been dissension among the Christians of East Germany. The approximately 190 church peace groups criticized their leaders for having allowed the state to take advantage of them for propaganda purposes. The leadership of the Land church of Saxony let it be known that it considered "participation in events of this kind unacceptable on grounds of principle." In fact, the majority of the faithful was extremely unhappy about the two church leaders' attendance at the Honecker reception.

And rightly so--because the SED did an effective job of hoodwinking the two. The directorate of the church league had accepted Honecker's invitation only with the understanding that the Protestants would attend as an independent delegation and not as an adjunct of the Peace Council. But on the following day, the party-controlled East German press printed a different story. NEUES DEUTSCHLAND carried an alphabetical list of names and that list included both Gaebler and Lewek. Even more importantly, the SED censors simply cut all the salient points out of Gaebler's statement which had been carefully crafted by the church leadership.

This mishap makes it clear what a difficult position the Protestant leadership in East Germany presently occupies--caught as it is between the socialist authorities and their own flocks.

In 1978, a summit meeting between Honecker and East Berlin Bishop Albrecht Schoenherr, the then president of the church league, took place. At that meeting, Honecker announced a change of SED policy toward the church. Since that time, the church's freedom to operate grew steadily. The Protestants were allowed to build new churches and to expand social services. Discrimination against the faithful in the socialist society was gradually reduced.

The party tolerated the establishment of ecology groups and of an autonomous peace movement under church sponsorship. Under the aegis of the church outsiders were allowed to develop and artists critical of the regime were allowed to perform.

The SED's liberal approach was not the result of a Christian conversion but of hardheaded thinking. "In the eyes of the SED," one churchman has said, "we fulfill a stabilizing function on behalf of the system. The church is being used as a safety valve to permit the controlled release of excess internal pressure."

The SED wants even more than that. It means to take advantage of the worldwide reputation of the church on behalf of its foreign policy. "The party has visions of a new alliance between the throne and the altar," the churchman adds. "Only this time, it is to be colored red."

Based on the weak response of the church functionaries to the reports on the Honecker reception (which was restricted to a protest letter addressed to the state secretariat for church affairs and a "closed-door report to the members of the synod"), critics inside the church believe that at least some of the church leaders think along similar lines. At the grass roots level, the suspicion is growing that the church leaders have sold out in exchange for the privileges granted to them.

The fact is that the SED is trying with great skill to integrate the Protestant church leaders into the system and to alienate them from their flocks. The president of the league of churches who must do a lot of traveling among the various Land churches has for years enjoyed an official privilege otherwise extended only to party bigwigs, i.e. to travel on the Autobahnen of East Germany at a speed of 100 miles per hour--the speed limit for average motorists in the GDR being 60 miles per hour.

Whereas Johannes Hempel, the Land bishop of Saxony, turned the offer down cold, his successor as president of the League, Werner Leich, the Land bishop of Thuringia, did not accept the "A Permit" only after the other bishops exerted a great deal of pressure on him.

The proponents of pure church teaching are particularly opposed to a privilege which the SED employs in order to divide the faithful into two classes just like the nonbelievers. While the average Christian is refused permission in most cases to travel to the West, the church functionaries are allowed to take an almost unlimited number of such trips. "If the state had its way," one church leader says, "we would be getting permanent visas."

But there is even more trouble ahead inside the church. For some time now, conservative church leaders have been watching the activities of the intra-ecclesiastic peace movement with concern. Within the congregations, the peace movement makes up a small but especially active minority.

In early November, MECKLENBURGISCHE KIRCHENZEITUNG carried a commentary on this year's "10 days of peace." Many members of the congregation, the newspaper wrote, "fail to see a genuine commitment to Christian faith among the peace activists." Quite often, the publication added, it is the non-Christians who are the most active members of the peace groups.

Guenter Krusche, East Berlin superintendent-general, was even more critical of the peace activists. In an "open letter to the peace circles and peace groups in Berlin," he stated flatly "that the basis of trust between the church leadership and the peace groups does not exist at present."

For this reason, the church leadership has decided not to conduct a "peace workshop" next year, since this event--a forum for grass roots-oriented groups inside the church--has increasingly lost "substance" and "theological content."

The reason behind this cancellation is another church project which, in the church leaders' view, will be more substantive, i.e. a church congress next summer to be sponsored by the Berlin-Brandenburg Land church to commemorate the 750th anniversary of the founding of Berlin. But for this the Protestant Church needs the approval of the government.

The GDR peace groups are presently debating the question of whether they should hold their workshops next year without the help of the church. The cancellation, they feel, is a clear indication of the fact that the church leaders are ready to kowtow before the SED even before the party as much as starts to frown.

There is something to that. When Helmut Schmidt held a sermon at the invitation of the church in late October at the Nikolai Church in Potsdam, the Protestant leaders hid their guest from the many hundreds of peaceful Potsdam citizens who had patiently been waiting at the church door for hours. Schmidt was taken into the church through the back door--just to be on the safe side.

The numerous gentlemen of the State Security Service were much pleased by this ample evidence of good will.

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## DEFENSE COMMITTEE MEETINGS HELD

## Krosno Meeting on Private Sector

Krosno NOWINY in Polish 9 Jul 86 pp 1,2

[Article by (a-er): "On Results of Operation 'Sector' in Carpathian Foreland"]

[Text] At a meeting yesterday, the Voivodship Defense Committee in Krosno reviewed a report on the course to date of operation "Sector" carried out in the units of the non-socialized economy.

The proceedings were chaired by the Defense Committee Chairman Governor Tadeusz Kruk; among others, Voivodship Prosecutor Kazimierz Haligowski and Director of the Fiscal Chamber Jan Nowak attended the meeting.

As of the end of 1985, 5,799 private production, trade and service establishments existed in Krosno voivodship, including about 4,000 craftsmen shops. Also, four Polonia enterprises and two branches of Polonia companies are in operation.

A significant proportion of people in the non-socialized sector have duly appreciated and treated their social responsibilities and personal interests. Nonetheless, at the same time, manifestations of dishonesty, cheating the state treasury and customers, and abusing the opportunity accorded for excessive and unjustified profiteering have begun to crop up and spread. This view is borne out by post-control conclusions.

This year, 979 units were inspected before the end of May. In view of the irregularities, 14 criminal and 107 tax evasion cases have been filed. Financial organs imposed fines totalling 3.383 million zlotys. Also, requests for punishment have been submitted to the boards for misdemeanors, grants of concessions have been cancelled and licenses to operate have been revoked.

As follows from the findings of the financial organs, about 20 percent of the inspections performed provide a basis for initiating criminal or tax evasion proceedings.

Inaccurate accounting for the turnover, concealment of actual profit, jacking up prices, operations in violation of licenses granted and failure to comply

with the requirements while using tax breaks are the irregularities most frequently discovered in the course of the inspection.

Upon extensively reviewing the report presented, the Voivodship Defense Committee stated that many irregularities still occur in the non-socialized sector and resolved to further increase the efficiency of combatting dishonesty, illegal profiteering, violations of legal and financial regulations in effect, as well as to provide a broader exposure in the mass media of the resolutions of individual control organs and the actions of the team coordinating operation "Sector" than thus far.

#### Nowy Sacz Reviews Sanitation Campaign

Krakow GAZETA KRAKOWSKA in Polish 23 Jul 86 p 4

[Article by (ss): "Proceedings of the Voivodship Defense Committee"]

[Text] In its proceedings chaired by the Governor of Nowy Sacz Antoni Raczka, the Voivodship Defense Committee in Nowy Sacz evaluated the progress and results of operation "Estate 86" carried out throughout the region. Members of the committee expressed their gratitude to 457 inspection groups for working to improve the order and sanitary status of the voivodship. However, it was acknowledged that some of the teams have been excessively liberal in their actions, which had frustrated obtaining the effects planned. Actions aimed at improving the repair of sidewalks and street and highway pavements were evaluated particularly low. The committee imposed the obligation on the voivodship and local headquarters of the operation "Estate 86" to strictly ensure order and sanitary conditions, especially in health care, education and public catering establishments, as well as in railway and bus terminals and stops. Illegal discharge of sewage into rivers, surface waters and rain drainage collectors and unregulated garbage dumps should be eliminated completely. The Nowy Sacz Voivodship Defense Committee also evaluated the progress of this year's armed forces draft. Voivodship and local draft boards have made high grades for their work. Their ideological, indoctrination and political activities among recruits and those of pre-induction age have met with appreciation.

#### Joint Session with Voivodship Collegium in Olsztyn

Olsztyn GAZETA OLSZTYNSKA in Polish 26-27 Jul 86 p 2

[Article by Roman Kaminski, press spokesman for the governor of Olsztyn: "Joint Session of Voivodship Defense Committee and Voivodship Collegium"]

[Text] Evaluating the phenomena accompanying economic development in the voivodship was the subject of a joint session of the Olsztyn Voivodship Defense Committee and the Voivodship Collegium.

Olsztyn voivodship ranks 28th (a year ago-27th) in the country in sales of industrial products. In pork procurement, Olsztyn ranks 4th after Poznan, Bydgoszcz and Kalisz (a year ago - 3rd); in milk procurement - 3rd after Siedlce and Ciechanow (a year ago - 2nd).

The following are mentioned among the phenomena negatively affecting the rate of economic growth and the living standard of the populace:

- poor use of the nominal labor time (increase in sick leaves and overtime),
- disruptions in the raw and other materials supply system,
- deviations in the system of cooperation among enterprises,
- inefficient (practically inconsequential) linkage between the wage system and the quality of products and services,
- lengthening of the investment cycle, especially in the field of food production.

The recommendations made are aimed at eliminating the negative phenomena in management and the economy. In view of the beginning grain harvest, it was suggested that all investment projects in the drying and grain storage complex be promptly completed.

The Office of the Curator of Education and Upbringing has been obligated to evaluate the progress of repairs in all education facilities and to undertake measures aimed at completing such work before 1 September of this year.

In conjunction with the resolutions of the 10th PZPR Congress, members of the Voivodship Defense Committee expressed the opinion that, among other things, the purpose of the evaluation of positions and review of organizational structures in the national economy must be the search for efficient management mechanisms and improving the efficiency of the economy.

#### Kaczmarek at Krakow Meeting

Krakow ECHO KRAKOWA in Polish 28 Jul 86 p 2

[Unattributed article: "Proceedings of the Voivodship Defense Committee"]

[Text] On 25 July of this year, the Krakow Voivodship Defense Committee met under the chairmanship of the Krakow PZPR Committee Secretary Wl. Kaczmarek. The committee evaluated the status of water management and the energy economy in the voivodship with regard to vulnerability to possible dangers arising from breakdowns, industrial disasters and other accidents, as well as eventual consequences and impact on the operation of individual economic sectors in the voivodship, with emphasis on enterprises producing basic food staples. Leaders of voivodship organizational units responsible for water, energy and foodstuffs management also attended the meeting. The committee also passed pertinent resolutions aimed at streamlining the operation of above-mentioned economic sectors.

#### Szczecin Meeting Checks Winter Fuel Supplies

Katowice TRYBUNA ROBOTNICZA 25 Aug 86 p 4

[Unattributed article: "Voivodship Defense Committee in Szczecin on Fuel Supplies"]

[Text] The Szczecin Voivodship Defense Committee evaluated the status of fuel supply for the fall and winter season in the voivodship. A report on the status of fuel stocks in public-use power stations and municipal heating plants was taken under advisement.

On the other hand, the report by the director of District Enterprise for Trade in Fuel and Building Materials concerning consumer allocation of coal was rejected. The Voivodship Defense Committee suggested that enterprise management markedly improve the organization of sales in fuel warehouses and their supply, especially that of fuel substitutes, such as brown coal and fuelwood. This enterprise, aware of the supply difficulties with hard coal and coke, did not display enough initiative in supplying all fuel warehouses with substitute energy carriers, especially fuelwood of which there is no shortage in the region, and brown coal.

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## PROPOSED POLITICAL-GEOGRAPHIC SUBDIVISION CHANGES EXAMINED

## Council of Ministers' Experts Note Possible Changes

Warsaw POLITYKA in Polish No 44, 1 Nov 86 p 7

[Article by Marek Henzler: "Building Blocks"; passages in slantlines printed in boldface]

[Text] /The political - administrative division of Poland does not entirely meet the current and future social and economic needs of the country -- this conclusion was made by an expert review panel set up as early as 1982 in the PAN [Polish Academy of Sciences] by the Council of State and the then Ministry of Administration./

The scientists were to say whether the current division of the country into provinces and gminas should be kept or powiats should be reinstated. They also were to work out versions of dividing the country and make a judgment on the optimal number of gminas in Poland.

The expert review was summarized by Prof Andrzej Stasiak and Prof Jerzy Kolodziejski (former governor of Gdansk) and published in volume 128 of the Bulletin of Committee on Land Use Management of the PAN, which also includes materials, studies and contributions to the discussion which were used in compiling the final report.

The authors believe that the 1975 reform, carried out contrary to the opinion of the academic community at the time, which came out in favor of three-level division, and without public debate, has in many cases disrupted the spatial and economic links molded and perpetuated in the course of history. It brought provincial authorities closer to the population of gminas and small towns, which was to be its main advantage. However, the efficiency of these authorities was restricted, because too many of the newly formed provinces were deprived of their own skilled cadres and a pool of service and economic establishments, "thus doomed to a lack of self-reliance, cooperation and aid from the outside." The initial euphoria of creating everything from scratch soon ran into inadequate investment funds. Instead of eliminating the disproportions in development of the "old" and "new" provinces revealed by the reform, an accelerated division into "relatively rich and poor" provinces had taken place. Also, the new division artificially severed three largest urban



centers from their natural environment. These are only the most important shortcomings of the arrangement adopted in 1975. The extent of social dissatisfaction with this arrangement is indicated by about /180 requests and petitions to change boundaries of provinces/ submitted to the central authorities between 1975 and 1981.

How do A. Stasiak and J. Kolodziejski respond to the questions of expert review? /Despite their critical evaluation of the present division, and despite the very slight preponderance of advocates of two-level division in the learned community, they decidedly come out in favor of this very division./ Why?

In their opinion, this division ensures the best organizational conditions for the operation of decentralized structure of government, because it reduces the unnecessary information circuit and duplication of responsibilities, saves funds and cadres, brings the populace closer to the centers of government. Moreover, it /facilitates setting up authentic local self-government/: self-government of inhabitants and people's councils do not have to share responsibilities with an additional (powiat) level of government.

The proposed model of two-level division (co-authored by them and Dr M. Potrykowski) envisages in its basic version the elimination of several small, largely not economically autonomous provinces. This will allow large conurbations to function properly, will facilitate unified economic management in homogenous areas (Zulawy [Lowlands] and the Vistula estuary, the Sudety, the future Lublin Coal Basin) and will make it possible to change boundaries in cases where permanent socio-economic ties disrupted by the 1975 reform call for it.

The authors suggest the following:

/Enlarging the capital city of Warsaw/ province at the expense of parts of Skierniewice and Ostroleka provinces (Tluszcz) and shifting it to the east at the expense of a part of Siedlce province; /Lodz province/ at the expense of parts of Skierniewice, Sieradz, Piotrkow (Koluszki and Tuszyn) and Plock (Leczyca) provinces and /Krakow province/ at the expense of parts of Kielce (Miechow), Tarnow (Bochnia), Bielsko-Biala (Wadowice, Sucha) and Katowice (Chrzanow, Olkusz) provinces.

/Merging the remainder of Siedlce province with Biala Podlaska, Ostroleka with Lomza, Lublin with Chelm and, eventually, Jelenia Gora with Walbrzych./ The seats of provinces would be in Siedlce, Lomza, Lublin and Walbrzych.

/Dividing up Bielsko-Biala province/ between Krakow and Katowice provinces and Elblag between Gdansk and Olsztyn provinces.

/Eliminating Skierniewice and Sieradz provinces./

There would still be 42 or 41 provinces. The authors also propose /the "minimum" version, or enlarging the capital city province of Warsaw, Lodz and Krakow by adding their agricultural and recreational space and developing

areas, which would cause the elimination only of Skierniewice and possibly Sieradz provinces.

In the summary of the expert review, the views of the proponents of a three-level division, primarily Prof Andrzej Wrobel and his team, were also presented. They think that:

- The number of gminas should remain the same, except for small changes (A. Stasiak and J. Kolodziejski are of the same opinion),
- There are too many provinces, including many that are too small, in the capacity of administrative units of a higher order,
- Administration functions efficiently when the number of units reporting directly to the unit of a higher order does not exceed a certain threshold. This threshold has already been crossed, because as many as 17 provinces are divided into more than 50 gminas and cities, including three that have over 70,
- Elimination of some provinces, while keeping the number of gminas stable, appears to be totally unrealistic within the current division, because it will diminish even further opportunities for ensuring "aid, instruction and supervision" by provincial authorities,
- Thus, administrative division must be three-level. A new intermediate unit will solve the problems referred to above and at the same time will bring order to the so-called special divisions created by various offices, services and organizations, which often follow the previous division into powiats.

Prof Wrobel's team proposed three /versions of the new division:/

- /into 13 provinces/ (their seats would be in Bialystok, Bydgoszcz, Gdansk, Katowice, Krakow, Lublin, Lodz, Olsztyn, Poznan, Rzeszow, Szczecin, Warsaw and Wroclaw) and 94 districts, as well as gminas.
- /into 23 provinces/ (promoted to join those mentioned above will also be Koszalin, Kielce, Opole, Zielona Gora, Elk, which is more conveniently located than the present center Suwalk, Torun, Legnica, Kalisz, Czestochowa and Siedlce) and between 200 and 220 "powiats", as well as gminas.
- /into 34 provinces/ (eventually, also Elblag, Gorzow, Pila, Plock, Lomza, Radom, Walbrzych, Bielsko-Biala, Tarnow, Przemysl and Zamosc) and 250 "powiats," as well as gminas.

In any version, the following would definitely be stripped of provincial seat status: Slupsk, Suwalki, Wloclawek, Ciechanow, Ostroleka, Leszno, Konin, Sieradz, Piotrkow, Skierniewice, Biala Podlaska, Chelm, Jelenia Gora, Nowy Sacz, Tarnobrzeg and Krosno.

As far back as 3 years ago, Prof A. Stasiak stated in an interview to POLITYKA (1983, No 25) that "if the 1975 division was a manifestation of a certain arrogance of authorities, then, at present, if the learned community were to

express a unanimous opinion, it would be a manifestation of the arrogance of science. The status of research and our knowledge in no way give us title to express such a unanimous view."

As can be seen now, despite further research and discussion in the learned community, the expert review still lacks a unanimous stand of science on the issue of selecting either a two or a three-level model of division of the country, apart from the statement that the present division has many drawbacks and the number of gminas should remain unchanged. After all, why should there be such a stand, since the choice of a model is political in nature anyway, and it is always made by supreme political authorities, for whom science should primarily provide premises for making the correct decision.

Neither of the two groups of authors suggested that changes be introduced swiftly, taking into account the current socio-economic and political situation. It is recommended that the changes be carefully prepared (through, among other things, additional on-site research) and discussed publicly with the participation of local communities affected. The changes should be made around 1990. As Prof A. Wrobel especially stressed, they should not be postponed for a yet later date, because in doing so "the condition recognized to be unfavorable will be perpetuated", through investment in infrastructure if nothing else.

Are we going to have another administrative earthquake or not? Let us wait and see, and, maybe, feel. First, however, we should know an answer to this question: what objectives are we trying to achieve by introducing a new administrative division, and will it facilitate authentic decentralization and territorial autonomy?

#### PAN Land Use Management Bulletin Issued

Warsaw KIERUNKI in Polish No 42, 19 Oct 86 p 7

[Article by Karol Pastuszewski: "Should Provinces be Eliminated?"]

[Text] Is Warsaw in danger of having its representation and capital city functions melting away in the flood of responsibilities and pressures of a macroregion accounting for one-third of the economic potential of our country? Should the Podhale with Nowy Targ and Zakopane return to Krakow [province] and the Sudety belt be in one province? Could [the former] Olsztyn [province] again be a compact, historically shaped area rather than be divided among five provinces? Should the miniscule Trzemeszno and similar localities, which since [the time of kings] Mieszko or [Boleslaw] the Valiant have gravitated towards Gniezno, be in Bydgoszcz province, despite the stated reasons and the will of the population? And, above all, should administrative division of the country be two-level or, as it was for centuries, three-level? Should we now return to powiats which are so closely tied with our historic tradition, with economic life, or should we not? Finally, has the role of powiats and their functions expired, or, on the contrary, have the past 10 years proven that they are still needed?

These questions are important because the administrative division of a country is a basic element regulating the spatial organization of political, social and administrative system. As either an incentive or an impediment, it affects achieving the objectives, the system of government operations, and social and economic progress.

Yet another stage of research and discussions on the administrative division of the country has come to a close, and very interesting materials edited by Prof A. Stasiak have been published in the 300-page Bulletin No 128 of the PAN Committee of Land Use Management.

We may encounter the question on whether tackling these matters is a timely undertaking. Now, when we are facing considerable economic difficulties, should we add new ones (troubles as well as expenses) and endure "an administrative earthquake", another "territorial revolution"?

Good administrative division is very important. In 1975, several obvious mistakes were made. However, at the same time it is not easy to give a correct answer to the question: what kind of division should this be? This issue calls for quiet and meticulous research and consultation with the populace, with those interested, though it is certainly easier to resolve controversial issues by a unilateral decision prepared quickly and without publicity. In this fashion, arguments, polemics and often plain obduracy and particularism are avoided. However, the costs of comfort for the authorities thus defined are very high, and the bill has to be footed by the society at large. Materials included in the bulletin represent various points of view and reflect a wide array of opinion. This provides the reader with varied insights into the problem of concern to him.

Such advantages as the increased time efficiency of management, more precise information flow from bottom to top, and vice versa, and better prospects for the development of authentic territorial self-government speak in favor of keeping the two-level division. Last but absolutely not least is the fact that radical changes of administrative division cannot be undertaken too often.

In one of the statements, Dr Ryszard Horodenski, director of the Scientific Research Center in Bialystok, said: "The least developed provinces set out to find a way to eliminate the development gap.(...) Due to the formation of new provinces, socio-economic centers became closer to the fragmented and dispersed pattern of rural and urban settlements (...) various groups involved in the development of their provinces and striving to improve the situation of the populace have sprung up."

A return to the three-level division is primarily advocated by practitioners, functionaries of the provincial and central echelons. They put forth an array of arguments, e.g. that life itself has rejected the homogenous and unified two-level structure, setting up, often in an informal fashion, above-gmina regional structures (not to use the bad-sounding work "powiat").

Thus, before 1975 we had 314 rural powiats and also 78 cities with the status of a powiat. The powiat is no longer around, but we have 307 regional tax

offices, 265 district courts, 297 prosecutor's offices, 335 PZU [State Insurance Bureau] inspectors; likewise, there are regional employment and welfare, communications and land survey offices.

Governor of Olsztyn Sergiusz Rubczewski expressed the following opinion: the difficulty of running a province, even an areally smaller one, is much greater in a two-level system compared to a larger province in a three-level system. In the present arrangement, supervision of over 60 basic level units from the provincial level does not ensure increased efficiency of their operation, even with maximum competence and efficiency.

Under the conditions of Olsztyn province, the powiat was an optimum unit for coordinating economic actions for the benefit of gminas as far as the economic potential is concerned. It was identical with a good and competent administrative unit full of vitality.

The gminas are too small to discharge a number of economic responsibilities. They lack construction, repair and maintenance enterprises, broadly defined social services, vocational schools. It would be difficult to provide each gmina with specialized cadres both in the spheres of tangible and non-material needs. This would also be infeasible. The great number of letters, complaints, petitions and requests reaching provincial authorities and skipping the gmina level, because it lacks an array of divisions which can settle these matters, testifies to the need to reinstate the three-level system, stated Governor Rubczewski. A return to powiats, though not as numerous as before, may make it possible to reduce the number of provinces considerably, maybe even to 50 percent of the present number.

Prof Stasiak and other scientists, for example, J. Regulski, affirm that setting up powiats is not the only solution. Target-oriented groups of several gminas for reaching certain social or economic objectives may be formed as well. It may also be advisable to set up local branches of provincial administration. Is a formalized administrative structure necessary for these purposes?

Prof Stasiak states that it follows from the research done, from expert evaluations, from presentations by the [Sejm] deputies, from numerous press articles and broadcasts, from letters from the public and resolutions of people's councils that the present administrative division does not fully meet the current social and economic needs of our country.

What are its faults? In many cases, it has disrupted socio-economic links shaped in the course of history and perpetuated in the spatial structure of the country. Splitting up former powiats among different provinces and cutting off large conurbations of Warsaw, Lodz and Krakow from their natural tributary areas by administrative boundaries was an especially unfavorable influence on the operation of some territories. Here are a couple of glaring examples: gmina Tluszcz went from Warsaw to Ostroleka province, Minsk Mazowiecki and a section of Otwock powiat went to Siedlce province. The natural tributary area of Lodz has been pared down most severely; at present, the areas ceded are demanding to rejoin, e.g. the entire Leczyca area, which is twice as far removed from Plock as it used to be from Lodz; this is also

the case with Koluszki, Brzeziny, Lasko. The Olecko area wants to secede from Czestochowa and rejoin Opole, to which it is bound by centuries of tradition. The Miechow area would like to belong to Krakow, as has been the case for centuries except for the time Poland was divided. In general, those corrections will not be too extensive; some will be downright small, such as in the case of Trzemeszno, Wronki and Rogozno.

Drawing the boundaries of the three largest conurbations gave rise to a lot of criticism. This mistake was not made with the next two conurbations, Poznan and Wroclaw. Prof Andrzej Stasiak and his co-authors, Prof Jerzy Kolodziejewski (former governor of Gdansk) and Dr Marek Potrykowski, come out in favor of keeping the present two-level division of the country. In their opinion, good transportation and telephone lines make establishing an intermediate administrative level redundant. Nonetheless, certain corrections of the present division are necessary. They set forth three versions of changes, from very small to significant, envisaging the elimination of 7 provinces.

The minimal version envisages enlarging the three large conurbations "boxed in" by excessively tight boundaries after 1975. Three gminas from Skierniewice and several gminas from Ostroleda, Ciechanow, Plock, and Radom each would be added to Warsaw. Also, in keeping with the powerful growth of the city to the east, 15 gminas from Siedlce province will be added, which in no way presents a threat to that province, since it is second only to Kielce in the number of territorial units it includes.

Seven gminas from Skierniewice province and several cities and gminas from each of the four adjacent provinces would be transferred to Lodz. This would not be fraught with the elimination of any of the provinces except Skierniewice, but even it could possibly be kept.

As the research has shown, even in the minimal program many cities and gminas should be transferred to Krakow province -- a total of 35 units from four provinces. This would increase the area of the province by 90 percent and its population by one-third.

Besides the above proposals, an array of small corrections in the border areas of various provinces should be made within the framework of the minimal program, e.g. Gorzow and Poznan, Poznan and Pila, Czestochowa and Opole, and so on. The goal is primarily to correct obvious mistakes such as carved-up powiats, severed historic links, and obstructed natural directions of access.

In its turn, the second version called "an extended minimum" envisages the elimination of Skierniewice province in favor of Lodz and Warsaw. The city of Skierniewice itself would join Warsaw province in keeping with the actual popular preference.

The basic version (the third proposal) suggests more far-reaching changes.

Beginning from the north, it is suggested that Elblag province be eliminated (most of it added to Gdansk and the remainder to Olsztyn) due to the need to extend unified administration to all of the Zulawy Lowlands and the entire maritime economy of the eastern sector of the coast.

In the center of Poland, the development of large Warsaw and Lodz conurbations calls for increasing these two provinces by adding areas of Skierniewice and a greater part of Sieradz and Siedlce provinces. The latter, "pushed" east, should be merged with Biala Podlaska into a single administrative unit. The remainder of the area of Sieradz province should be partitioned among the adjacent provinces.

In the south, Ostroleka province, following corrections in favor of Warsaw and Ciechanow provinces, should be merged with Lomza province, the seat of the province being in Lomza.

In the east, the authors suggest incorporating Chelm province into Lublin province due to the projected development of the Lublin Coal Basin.

Development of the Krakow and Katowice conurbations would call for the elimination of Bielsko-Biala province. Finally, in the southwest, there is a problem of managing in a unified fashion the economy of the Sudety belt. This would call for forming a single province with the seat in Wroclaw and eliminating Jelenia Gora province.

The total number of provinces would drop from the current 49 to 41. Elblag, Ostroleka, Biala Podlaska, Skierniewice, Sieradz, Chelm, Jelenia Gora, and Bielsko-Biala provinces would be eliminated.

Creating Grudziadz province from the peripheral areas of Torun, Bydgoszcz, and Elblag provinces would be an issue to be considered.

Prof Andrzej Wrobel and his team, Prof Teofil Lijewski and Associate Prof Dr Edward Ura, believe that we should return to a three-level system, proceeding from the following premises:

- the number of existing provinces is too great and many of them are too small to play the role of administrative units of the highest order.

- the criterion of efficient operation does not permit the number of units reporting directly to a unit of a higher order to exceed a certain number; meanwhile, out of 49 provinces as many as 17 have over 50 cities and gminas, and three provinces have over 70. This makes the two-level system hard to keep. Certainly, some other important arguments may be added to those already cited.

Units of the basic level, i.e. gminas, do not require special corrections and should be kept in the shape they acquired in the 1973 reform, which consolidated former gromadas (we have in our country 1,567 rural gminas, 543 combined cities-and-gminas and 262 cities). However, the number of gminas, about 2,100, can be revised somewhat up or down, in keeping with the desires of the populace. Prof Stasiak is of the same opinion.

As far as the restoration of powiats is concerned, two versions were outlined, neither of which provides for a straightforward return to the old powiats.

According to the first version, 250 powiats would be established primarily on the basis of accessibility, the number of provinces being 34; in the second version, there will be fewer powiats, between 200 and 220, and fewer provinces

- 23. Bringing back old, smaller powiats, which were economically weak and incapable of performing their functions well, will be forgone. For example, there will not be powiat Nowy Dwor Mazowiecki in Warsaw province, Dabrowa Bialostocka in the north, Wyrzysko in Bydgoszcz province, Bialobrzegi in Radom province, Brzeziny in Lodz province. A total of between 50 and 100 former powiat seats will not be restored to their former administrative rank.

With 34 provinces, Slupsk would be eliminated (Elblag would remain), as well as Suwalki, however, only in the sense of moving the seat of the province to the more centrally located Elk; Wloclawek, which will be incorporated into Plock province; Ciechanow which would be incorporated into Warsaw province; Ostroleka (incorporated in Lomza province); Leszno (it would be a part of Poznan province); Konin and Sieradz (incorporated into Lodz and, in part, Kalisz provinces); Piotrkow Trybunalski and Skierniewice; Biala Podlaska, incorporated into Siedlce province; Chelm, Jelenia Gora, and Nowy Sacz (the Podhale, which has traditionally gravitated towards Krakow, would join this province and the Nowy Sacz area would join Tarnow). Krosno, as well as Tarnobrzeg, would transfer to Rzeszow, whereas the Biesieczady would be in Przemysl province.

In the version of 23 provinces, the above 15 abolished provinces will be joined by 11 more. From north to south, these are: Elblag, Gorzow, Pila, Plock, Lomza, Radom, Walbrzych, Bielsko-Biala, Tarnow, Przemysl, Zamosc.

Thus, only 6 new provinces will join the old 17 provinces in existence before 1975, namely Elk, Torun, Legnica, Kalisz, Czestochowa and Siedlce.

The third version of three-level division provides for establishing 94 larger units, districts rather than powiats, and only 13 large provinces. The basic advantage of this concept, say its authors, is the greater population and economic potential of the district and its seat, whereas the drawback - that accessibility would be worse than in powiat division. The concept of districts would permit the current provincial seats to keep the status of large administrative units. Only large cities with 250,000 to 300,000 inhabitants, the "metropolies" capable of developing higher order services, would be the seats of large provinces, though there would be two exceptions, Olsztyn and Rzeszow.

The above-mentioned 13 cities consist of Bialystok, Bydgoszcz, Gdansk, Katowice, Krakow, Lublin, Lodz, Olsztyn (a larger city in lacking in this area), Poznan, Rzeszow (same as Olsztyn), Szczecin, and Warsaw.

At the same time, Koszalin, Zielona Gora, Opole, and Kielce would lose their status of provincial seats.

As can be seen from these drafts, there are neither easy solutions nor the unanimous opinion of experts. Each proposal has its advantages and shortcomings. Decisions will have to be made by the political leadership after a public discussion and further study. The timing of eventual administrative changes should coincide with the terms of people's councils and the Sejm. Thus, if changes were to apply to the next term, changes will have to be made before January 1988; if the more distant terms are involved, then obviously, there will be respectively more time.



## Head of Experts Group Views Advantages, Necessity of Change

Warsaw KIERUNKI in Polish No 43, 26 Oct 86 p 7

[Interview with Dr. Andrej Stasia, member, PAN Committee of Land Use Management, Chair, Council of Ministers' experts group, by Karol Pastuszewski: "Administrative Division -- What Next?"]

[Text] [Question] Several years ago, the Council of State and the former Ministry of Administration, Municipal Economy and Environmental Protection approached the scientists for answers to three questions: should the two-level division be kept or should we restore the three-level one; what should the improved administrative division of the country be and, finally, which number and size of gminas should be considered most appropriate. Bulletin No 128 of the PAN Committee of Land Use Management edited by you has brought out very interesting materials which crown a certain stage of research.

[Answer] The current administrative division of Poland does not fully meet the existing and future social and economic needs of our country. It was prepared and introduced in 1975 without consulting scientific institutions and without broad public discussion. In many cases, this division disrupted the socio-economic links shaped in the course of history and perpetuated in the spatial structure of the country. Their supporting framework is provided by a pattern of service centers (cities) and their tributary areas. Hence there was a need to work out a view of what should be corrected, what should be changed, what should be abandoned, and what should be accepted.

[Question] The answer to these three questions provided by the expert review is not unambiguous.

[Answer] My own opinion as to the concept of two-level division has not changed: it should remain. However, as the chairman of the expert group, I thought that different, even extreme, views should be aired. This is why there are materials and statements in the bulletin which come out in favor of a return to the three-level model on the assumption that the current one cannot be kept. It turned out after the current stage of research and discussions that there is no consensus. Neither the concept of two-level division nor that of three-level division received an overwhelming majority.

[Answer] Bringing back the powiats would perhaps mean a considerable restriction on the jurisdiction of gminas and gmina self-government. Such is the logic of events regardless of preliminary assurances. After all, powiats are not going to take over the responsibilities of provinces and governors. Realistically, this would be a step backwards on the road towards building healthy self-government and territorial autonomy at all levels. The division seems to be between theoreticians and practitioners. The former are rather in favor of two levels, whereas the latter -- three levels.

[Answer] This is not exactly so. However, a segment of representatives of areally large provinces are indeed in favor of restoring powiats; some scientists are also making statements to this effect. Yet, there is no difference of opinion as to the basic unit of administrative division, the gminas. The current division should not be destroyed. The number of about

2,000 gminas basically meets the social and economic needs, as well as the requirements of governing the country. Gminas in their present format have the prerequisites to become self-governed to a proper degree. The law on people's councils passed in 1983 provides such an opportunity. The development of self-government depends on mutual contacts. This exactly what happens in a gmina, in a small town.

As far as the provinces are concerned, Prof Jerzy Kolodziejski, Dr Marek Potrykowski, and I proposed two versions of two-level division. One of them is the version which we describe as a minimum version. It envisages eventual elimination of only one province, Skierniewice, and enlarging three large conurbations, i.e. Warsaw, Lodz and Krakow, as well as certain corrections of administrative division, without tearing down the present structures.

The second, basic version envisages reducing the number of provinces to 41 or 42.

In his turn, Prof Andrzej Wrobel and his team, Prof Teofil Lijewski and Associate Prof Dr Edward Ura, propose, within three-level division, three versions of division into provinces: 13 large provinces and 94 districts as the second level of division, 34 provinces and 250 powiats and 23 provinces and 200 to 220 powiats.

Each of the proposals has its strengths and weaknesses. The decision on selecting one rests with the political authorities, because science at the current level of knowledge does not yield an unambiguous answer as to which version would be most rational.

[Question] Bulletin No 128 contains contributions proposing specific solutions other than those included in the versions of expert review. It is suggested that Plock province be "shifted" further east and Ciechanow province be eliminated, whereas Ostroleka province should be kept and Lomza eliminated.

[Answer] If we are to learn about all facets of the issue, we cannot substitute even extensive expert reviews and auxiliary research for serious scientific research. The sphere of what we do not know is relatively large. We should carry out several research projects on large and medium centers of attraction. The goal is to be able to measure the actual scope of attraction, scope of influence or effect of urban centers, both the medium ones, in the 50,000 to 100,000 bracket, and large ones (Warsaw, the Upper Silesian Metropolitan Area, Krakow, Poznan). They have different spheres of influence, which sometimes overlap and change over time. In one aspect, these are delineated by the distance from which people commute daily from home to work and back. However, the sphere of influence is also important in another aspect, that of social and economic infrastructure of a higher order. The latter includes colleges, specialized medical facilities, research libraries, theaters, large economic organizations serving extensive areas. In our search for a more precise answer, we should go further in scientific research and carry it out drawing on the large team which has already been put together.

We should ultimately establish what the present status and the projection for the future of the settlement pattern in Poland are and what the opportunities are for changes in it. Our population will grow by 3 million before the year 2000, and by an additional 3 million before 2020. Thus, we must accept versions of assumptions as to where these people are going to reside. This will certainly influence decisions on administrative division.

At present, there are above 200 cities significant as settlement centers in Poland, i.e. these with over 20,000 inhabitants. However, these cities are very unevenly located. If we were to prepare a development strategy, we should think about where to reinforce this pattern of settlement and where to restrict or stabilize its influence. The issue of administrative division is quite closely tied to this. After all, the focal points of political, administrative and economic authority play an important role in a state based on planned and directed development.

Therefore, our vision of the concept of settlement patterns should take this into account. Here is another issue: we should promote on a greater scale the study of infrastructure in the cities which already play the role of nodes for a certain larger area. This would ascertain the degree to which these cities are actually prepared to perform these functions.

Such a study should embrace about 200 cities in Poland; at the first stage, 70 to 80 cities should be analyzed.

This is why we are stressing in the conclusion of my expert review the urgency of this issue and the need to allocate 50 to 60 million zlotys for fundamental research. We are also proposing to set up a commission for administrative division at the Council of State. Their commission, endowed with adequate resources, would be supported by an interdisciplinary scientific research team operating under the aegis of the Polish Academy of Sciences. Provincial or inter-provincial teams for administrative division should be set up in areas of particular conflict. We could not but listen to the voice of public opinion which would be heard in the course of an open discussion on the draft of proposed changes.

[Question] After the administrative reform of 1975 was implemented, as well as after the 1973 reform (gminas), a great number of protests, resolutions, requests and wish lists have reached the authorities. Only a small number of them have been acted upon thus far.

[Answer] I hope that due to our actions the authorities have refrained from hasty decisions, which could have been made under very strong social pressure, without deliberate consideration of whether these requests are justified.

[Question] Do you think that they were wrong?

[Answer] Many, or a majority of them, certainly had some rational core; the goal, however, is for decisions in such matters not to be made in a piecemeal or fortuitous but rather in an integral fashion. To be sure, there was pressure on the authorities from the other side as well. Land use planners proposed to reduce the number of gminas from about 2,000 to 800 or at the most 1,000. It seems to me that had this decision been made, tremendous social and economic harm would have been done.

[Question] Perhaps the view that the 1975 reform was a total failure is incorrect. In the concepts presented, not a single author proposes a return to 17 provinces or to about 400 old powiats.

[Answer] The reform certainly has considerable advantages as well. In the present, smaller provinces the feeling of community and territorial identity is greater, the conviction is stronger that an array of issues can be settled more easily for one's own area or city, that it depends on people, on their will, foresight, and resourcefulness to a greater degree than before.

The reform has invigorated the so-called eastern wall. After all, this is 20 percent, or one-fifth of the country, the erstwhile Poland, grade B.

Bialystok, Lublin, and Rzeszow used to be the centers which mattered in this area. At present, new locations of provincial seats give a development chance to medium and small cities, enabling them to become regional centers of a higher order compared to the old powiat seats. As bad luck would have it, the economic crisis set in after 3 to 4 years and restricted considerably investment in these new centers. Prof Kolodziejski and I would like to retain these cities as seats of provinces in the basic version of two-level division, proposing that only two cities in this area be deprived of their provincial seat status. I mean Biala Podlaska and Chelm, because the general situation simply does not give them the opportunity to grow adequately large.

Who else gained due to the reform? These were cities-competitors in the previous pattern of provinces, e.g. Radom--Kielce, Slupsk--Koszalin, Torun--Bydgoszcz, Gorzow--Zielona Gora.

[Question] How great is the need for corrections or changes in the present administrative division?

[Answer] We must initiate a certain arrangement for accelerating socio-economic development. Certain elements of the existing administrative division hamper such initiation. For example, development of large conurbations runs into considerable barriers in the present administrative arrangement; likewise, there are difficulties in managing certain large natural regions such as the Sudety or Zulawy.

[Question] What are the reasons for the disaster in the Sudety?

[Answer] There are two issues. The first one is associated with the ecological disaster of forests in the Sudety and their destruction, which we do not have control over or have only partial control. The other one, which we have control over, is the issue of an appropriate concept of managing the Sudety, which, unfortunately, we still do not have thus far.

The same is the case with the Vistula estuary and with managing the Gdansk Bay. In principle, this cannot be done efficiently while these territories remain divided between two provinces, Gdansk and Elblag.

[Question] If state authorities do not see it possible to introduce changes in the administrative division in the next few years, what can be the consequences of this? After all, there are many arguments to that effect.

[Answer] If the authorities come to the conclusion that the current division may or must be preserved for valid reasons, then we should turn our attention to the opportunities provided by the new law on spatial planning, to the so-called functional regions. Then, certain things should be planned, as the legal authority provides, not within administrative boundaries, but only within the zone of services of higher order, or else taking into consideration the integrity of certain natural systems. In this event, this would become the issue of various administrative and socio-economic authorities coming to an agreement. As far as the opportunity for such actions is concerned, it would then be possible not to disturb the present division.

[Question] This is how it looks from the standpoint of legality and formalities. However, the history of the last decades unfortunately has not allowed us to learn the skills of working together with others, of cooperation, of ability to compromise, of respecting the opinions of others.

[Answer] Certainly, an array of small administrative changes may be carried out without much of a problem, danger or costs, but with a great social benefit. These involve mainly a transfer of individual gminas or their small groups from one province to another. This, while not disrupting the current division into 49 provinces, would reduce the dissatisfaction of the populace of the areas in question. First of all, however, political authorities are facing a decision on whether the current arrangement with 49 provinces is in a certain sense a given and we can only suggest small corrections which would not disturb it, or whether we are facing major changes. In that event, we should carry in-depth studies on more far-reaching changes in order to prepare them as thoroughly as possible. The changes could take place around 1990. I would like to stress once again that decisions of the authorities on territorial changes should be preceded by an extensive public discussion.

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## AMBASSADOR TO MOZAMBIQUE ON ASSISTANCE TO AFRICA

Maputo NOTICIAS in Portuguese 1 Dec 86 p 5

[Article: "Romania Reduces Weapons and Troops," press conference of Vasile Musat, Romanian ambassador to Mozambique]

[Text] "The Socialist Republic of Romania has demonstrated its concern for the limitation of the arms race, for strengthening peace, and for the creation of a better world, without weapons and without war," Romanian Ambassador to Mozambique, Vasile Musat, said yesterday in Maputo when he gave a press conference to our media on the subject of the referendum carried out in his country on 23 November calling for a 5 percent reduction in military weapons and expenditures.

Vasile Musat said that ever since the liberation of his country, 46 [sic] years ago, the Socialist Unity Party of Germany [as published], led by its secretary general and president of the Socialist Republic of Romania, Nicolae Ceausescu, and all the Romanian people, have been carrying on a struggle for the defense of all countries under imperialist occupation.

Vasile Musat said that these measures will be increased in light of the current need, in the entire world, to reduce weapons of destruction which are a source of danger for mankind.

He also said that the 5-percent reduction in weapons, troops and military expenditures would permit the 400 million dollars represented by this figure to be used to aid victims of war and hunger in Africa and, in particular, in Mozambique, a country with which Romania has had relations ever since the struggle for national liberation.

Vasile Musat emphasized that the Socialist Republic of Romania will continue to assist our country, despite the current situation of a destabilizing war which is devastating the country from south to north and which was instigated by racist South Africa.

The Ambassador stressed that all the citizens of his country participated in the referendum, by honest vote, demonstrating the full support of the Romanian people for the policy of disarmament and peace in the world and

their firm intention to undertake a campaign to limit the arms race and to achieve the enactment of concrete disarmament measures, for the creation of a better, just world, without weapons and without war.

Responding to questions of journalists dealing with his country's position on the current situation in Africa, especially in South Africa, Vasile Musat stated that his country was for peace and that it would provide as much assistance as it could to all countries still engaged in wars of independence.

Vasile Musat said that his country is concentrating its material and economic forces on ensuring world peace, progress and a secure society, so as to eliminate all types of war.

The Romanian ambassador also said that his country has high regard for the position taken by the Soviet Union to adopt, unilaterally, a moratorium in regard to the construction of new nuclear weapons.

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END